

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF MINNESOTA

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In re:

ERIK MICHAEL HOLLERUD,  
  
Debtor

Bankruptcy No. 03-38294 DDO  
Chapter 7

Adversary No. 04-3116

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Michael S. Dietz, Trustee for the  
Bankruptcy Estate of Erik Michael Hollerud

**NOTICE OF MOTION AND MOTION  
FOR SUMMARY JUDGMENT**

Plaintiff,

vs.

Sue Adams,

Defendant.

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TO: Defendant Sue Adams, and other entities specified in Local Rule 9013-3(a).

1. Plaintiff moves the Court for the relief requested below and gives notice of hearing.

2. The Court will hold a hearing on this Motion for summary judgment at 10:30 a.m. on September 22, 2004, in Courtroom 228A, United States Court House, at 316 North Robert Street, St. Paul, Minnesota.

3. Any response to this Motion must be filed and delivered not later than 10:30 a.m. on September 15, 2004, which is seven days before the time set for the hearing inclusive of Saturdays, Sundays, and legal holidays, or served by mail and filed not later than September 12, 2004, which is ten days before the time set for the hearing. UNLESS A RESPONSE OPPOSING THE MOTION IS TIMELY FILED, THE COURT MAY GRANT THE MOTION WITHOUT A HEARING.

4. This Court has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157 and 1334, and Local Rule 1070-1. The Petition commenced in this Chapter 7 case was filed on December 10, 2003. This adversary proceeding was commenced with the filing of Plaintiff's Complaint on April 9, 2004. The case is now pending in this Court.

5. This Motion arises under 11 U.S.C. §§ 544(b), 548 and 550, and Minn. Stat. §§ 513.41 to 513.51 and is filed under Federal Bankruptcy Rule of Procedure 7056.

6. Plaintiff requests relief in the form of entry of summary judgment against Defendant Sue Adams upon the allegations in Plaintiff's Complaint.

7. This Motion is based on Plaintiff's Memorandum in Support of Summary Judgment, and the Affidavit of Michael S. Dietz with attached exhibits.

**WHEREFORE**, the undersigned moves the Court for an Order for Summary Judgment and as such other relief as may be just and equitable.

Dated: August 12, 2004.

DUNLAP & SEEGER, P.A.

By: /e/ Michael S. Dietz  
Michael S. Dietz, # 188517  
Kari Stonelake-Hopkins, #0298311  
Attorneys for Plaintiff  
206 South Broadway, Suite 505  
Post Office Box 549  
Rochester, Minnesota 55903

**UNITED STATES BANKRUPTCY COURT  
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In re:

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Plaintiff,

vs.

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Defendant.

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**MEMORANDUM OF LAW IN SUPPORT  
OF MOTION FOR SUMMARY  
JUDGMENT**

**INTRODUCTION**

The following memorandum of law is submitted in support of the Trustee's Motion for Summary Judgment. The undisputed evidence demonstrates the Debtor's transfer of a Harley Davidson Sportster to Defendant Sue Adams in May 2002 was made while the Debtor was insolvent. Thus, the Harley Davidson Sportster is recoverable by the bankruptcy estate pursuant to 11 U.S.C. §§ 548 and 550 and Minn. Stat. § 513.41-§ 513.51. Summary judgment should therefore be granted.

**STATEMENT OF THE ISSUE**

WHETHER THE UNDISPUTED EVIDENCE IN THE RECORD DEMONSTRATES THE DEBTOR'S GIFT OF A HARLEY DAVIDSON SPORTSTER TO DEFENDANT SUE ADAMS CONSTITUTED A FRAUDULENT TRANSFER PURSUANT TO THE MINNESOTA FRAUDULENT TRANSFER ACT.

**STATEMENT OF DOCUMENTS RELIED UPON**

The Trustee's Memorandum of Law relies on the following documents:

Affidavit of Trustee Michael S. Dietz and its Exhibits (Filed separately with this Court).

Answer of Defendant Sue Adams (Previously filed with this Court).

**STATEMENT OF UNDISPUTED FACTS**

1. Michael S. Dietz is the duly qualified and acting Trustee in this case. (Trustee Aff. ¶ 1).
2. This Court has jurisdiction over this adversary proceeding pursuant to 28 U.S.C. §§ 1134 and 157.
3. This is a core proceeding within the meaning of 28 U.S.C. § 157 (b)(2)(F).
4. The Bankruptcy Petition was filed by the Debtor on December 10, 2003. (Trustee Aff. ¶ 2).
5. In approximately December 2001, the Debtor purchased a Harley Davidson Sportster, Vehicle Identification Number, IN 1HD1CGP112K131852, for the purpose of gifting it to Defendant Sue Adams. (Trustee Aff. ¶ 3).
6. On or about May 10, 2002, the Debtor gifted the Harley Davidson Sportster to Defendant Sue Adams. The Debtor received no monetary value in exchange for the transfer. (Trustee Aff. ¶ 4).
7. The current NADA value of the Harley Davidson Sportster is \$10,000.00. (Trustee Aff. ¶ 5).
8. The Harley Davidson Sportster is currently registered and titled under Defendant's name. (Trustee Aff. ¶ 6).
8. During his 341 Meeting on December 10, 2003, Mr. Hollerud testified as follows:  

Judge:	During the last six years have you transferred or given away any money or property to a friend or family member?
Hollerud:	Money or property?
...	
Hollerud:	Yeah.
Judge:	Okay, what was that?
Hollerud:	A motorcycle?
Judge:	Who'd you give that to?
Hollerud:	Sue Adams.
Judge:	Is she related to you?
Hollerud:	No.
Judge:	Okay, you just, you gave it away?
Hollerud:	Yeah, I gave it to her.
Judge:	Okay, when did you do that?

Hollerud: 2001.  
 Judge: And how much was that worth when you gave it to her?  
 Hollerud: Eight thousand.  
 Judge: And what was the make and model of that?  
 Hollerud: Uh, it was a Sportster. Harley Davidson Sportster.  
 Judge: Harley Sportster. What year was that?  
 Hollerud: 2002.  
 Judge: And she didn't  
 Female: Transferred it in 2001?  
 Hollerud: I don't know if she transferred it in 2001 or right after. It was in December of 2001.  
 Judge: Okay. So in December of 2001 you transferred the  
 Hollerud: I didn't transfer it, she did.  
 Judge: She transferred it to?  
 Hollerud: I gave it to her so she took the title and she transferred it.  
 Judge: Okay.  
 Halverson: He gave her the motorcycle, but she actually transferred the title the paper work I think is what he means.  
 Judge: Okay.  
 Hollerud: Yeah.  
 Judge: Was the title ever in your name?  
 Hollerud: Yeah.  
 Judge: So when you transferred the motorcycle to her, did you sign the title and put it into her name?  
 Hollerud: Yeah.  
 Judge: Okay. And at that point she didn't owe you any money for it?  
 Hollerud: No.  
 Judge: And she didn't pay you any money for it?  
 Hollerud: No.  
 Judge: And then she subsequently transferred it to somebody else, apparently. Is that right?  
 Hollerud: No.  
 Judge: No. So th\_\_s still title and she's still got it?  
 Hollerud: Yeah.  
 Judge: As far as you know?  
 Hollerud: Yeah.  
 Halverson: Uh, I believe that was your girlfriend at the time?  
 Hollerud: Yeah.  
 Halverson: And he transferred it to her.  
 Judge: Okay, is she still your girlfriend?  
 Hollerud: Yeah.

(Trustee Aff. ¶ 10).

9. The Debtor incurred a debt in the amount of \$5,499.52 for goods purchased from the Egan Oil Company on April 4, 2000. The Company has not been paid to date. (Trustee Aff. ¶ 9).
10. The Debtor's 2001 U.S. Individual Income Tax Return indicates his adjusted gross income was a negative \$21,366.00. In addition, the Return evidences an ATV valued at \$6,844.00 which was repossessed during the tax year. (Trustee Aff. ¶ 7).
11. The Debtor's 2002 U.S. Individual Income Tax Return indicates his adjusted gross income was a negative \$40,975.00. (Trustee Aff. ¶ 8).
12. On or about March 30, 2001, the Debtor entered into a 60-day Lease Agreement with Bradley Newman. The Lease Agreement was intended to give the Debtor time to secure financing to purchase property from Newman known as the Route 50 gas station and to pay off Newman's \$33,197.24 Sterling State Bank loan, and \$60,399.00 Rose Creek Bank loan. The Debtor was unable to secure the financing and he vacated the Route 50 property on or about June 1, 2001. Prior to vacating the property, the Debtor incurred debts related to remodeling expenses, used and sold inventory, and bills and expenses. At that time, the Debtor owed Newman approximately \$101,500.00. Newman commenced an action against the Debtor related to the failed agreement, Third Judicial District, State of Minnesota, County of Mower, Court File Number C0-02-857. Judgment in the amount of \$105,000.00 was entered against the Debtor on October 8, 2003. (Trustee Aff. ¶ 10).
12. On August 8, 2001, the Debtor purchased an undivided one-half interest in Hollerud Oil Company through an Assignment of Partnership Interest from Wallace Bustad. The purchase price was \$183,000.00. The Debtor failed to make payments as required. Wallace Bustad commenced an action against the Debtor, Third Judicial District, State of Minnesota, County of Mower, Court File Number C5-02-001986. Judgment against the Debtor in the amount \$123,794.25 was entered on December 27, 2002. (Trustee Aff. ¶¶ 10 and 11).

#### **STANDARD OF REVIEW**

Summary judgment is warranted if the pleadings, depositions, answers to interrogatories, admissions on file and affidavits, if any, show that there is no genuine issue of material fact such that the moving party is entitled to judgment as a matter of law. Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 247 (1986); Celotex Corp. v. Catrett, 477 U.S. 317, 322 (1986); Fed. R. Bankr. P. 7056 (making Fed. R. Civ. P. 56(c) applicable to adversary proceedings in bankruptcy). The moving party must demonstrate the absence of evidence to support the non-

moving party's case. Celotex, 477 U.S. at 325. The inference to be drawn from the underlying facts must be viewed in the light most favorable to the non-moving party. Matsushita Elec. Indus. Co. v. Zenith Radio Corp., 475 U.S. 574, 587 (1986). "To avoid a grant of judgment in favor of the plaintiff, the defendant must produce significant, probative, and substantial admissible evidence that denies the existence of one or more elements of the plaintiff's case, or that would support findings to make out one of its pleaded affirmative defenses." In re Jolly's Inc. v. The Norman Vinitsky Residuary Trust, 188 B.R. 832, 838 (Bankr.D.Minn. 1995).

### **ARGUMENT**

Pursuant to 11 U.S.C. § 544(b), a trustee has the power to avoid certain transfers of a debtor that are voidable under applicable law by a creditor holding an unsecured claim. See, e.g., In re Metropolitan Steel Fabricators, Inc. v. Michalski, 191 B.R. 150, 152 (Bankr.D.Minn. 1996). The Uniform Fraudulent Transfer Act was adopted by Minnesota in 1987 to provide "remedies to creditors who are aggrieved by fraudulent transfers made by a debtor." Id. at 152. The rationale behind the use of fraudulent transfer remedies in the bankruptcy forum "is to preserve the assets of the estate." In re Jolly's, 188 B.R. at 842 (quotation omitted).

The Minnesota Uniform Fraudulent Transfer Act does not contain its own statute of limitations. Minn. Stat. § 513.41 to 513.51. An action relying on its provisions is governed by the general statute of limitations. In re Quality Pontiac Buick GMC Truck, Inc. v. Vista Development, Inc., 222 B.R. 865, 868 n. 6 (B.R.D.Minn. 1998). Under Minn. Stat. § 541.05, subd. 1, a fraud action must be commenced within six years from the time of discovery of the fraud by the aggrieved party.

Consistent with the rationale behind the use of fraudulent transfer remedies, pursuant to Minn. Stat. § 513.45:

A transfer made or obligation incurred by a debtor is fraudulent as to a creditor whose claim arose before the transfer was made or the obligation was incurred if the debtor made the transfer or incurred the obligation without receiving a reasonably equivalent value in exchange for the transfer or obligation and the debtor was insolvent at that time or the debtor became insolvent as a result of the transfer or obligation.

The statute requires proof of two elements to establish a fraudulent transfer claim: (1) the debtor made the transfer without receiving a reasonably equivalent value in exchange for the transfer; and (2) the debtor was insolvent at the time of the transfer, or became insolvent as a result of the transfer. Id.

With respect to the first element, the Trustee has the burden of establishing by a preponderance of the evidence that the debtor did not receive reasonably equivalent value for a transfer. In re Metropolitan, 191 B.R. at 154. “Value is given for a transfer or an obligation if, in exchange for the transfer or obligation, property is transferred or an antecedent debt is secured or satisfied, but value does not include an unperformed promise made otherwise than in the ordinary course of the promisor’s business to furnish support to the debtor or another person.” Minn. Stat. § 513.43(a). When deciding whether reasonably equivalent value was received, the court must consider all aspects of the transaction and measure the value of all benefits and burdens to the debtor. In re Metropolitan, 191 B.R. at 154.

Generally, a transfer made solely for the benefit of a third party, such as a gift, does not furnish reasonably equivalent value to the debtor. See, e.g., In re Minnesota Utility Contracting, Inc., 101 B.R. 72, 85 (Bankr.D.Minn. 1989), *aff’d* 110 B.R. 414, 419 (D.Minn. 1990); In re Jolly’s, Inc., 188 B.R. at 842 (concluding transfers made solely for the benefit of a third party do not furnish reasonably equivalent value). Further, “indirect, non-economic benefits in the form of a release of a possible burden on the marital relationship and the preservation of the family relationship” are “sufficiently analogous to other intangible, psychological benefits” and do not



constitute reasonably equivalent value. In re Bargfrede, 117 F.3d 1078, 1079 (8<sup>th</sup> Cir. 1997) (citing In re Treadwell, 699 F.2d 1050, 1051 (11<sup>th</sup> Cir. 1993) (love and affection not reasonably equivalent value)).

In this case, it is undisputed the Debtor gifted the Harley Davidson Sportster to Defendant Sue Adams in May 2002. As recognized by Defendant herself, the motorcycle was “a birthday gift to a girlfriend of 3 years.” (Trustee Aff. ¶ 11). There is no evidence, nor any allegation, that Defendant gave the Debtor anything of value in exchange for the transfer in the form of a property transfer or a security interest or satisfaction of an antecedent debt. Any allegation the “value” received by the Debtor in exchange for the gift was love and affection has been explicitly rejected by the Eighth Circuit Court of Appeals as being the required value under the Minnesota Uniform Fraudulent Transfer Act. Therefore, the undisputed evidence demonstrates the Trustee has established the first element of a fraudulent transfer claim – the Debtor did not receive reasonably equivalent value from Defendant in exchange for the transfer of the motorcycle.

With respect to the second element of a fraudulent transfer claim, the Trustee must establish the debtor was insolvent at the time of the transfer. Minn. Stat. § 513.45(a). “A debtor is insolvent if the sum of the debtor’s debts is greater than all of the debtor’s assets, at a fair valuation.” Minn. Stat. § 513.42(a). See also Gipson v. Bedard, 173 Minn. 104, 108, 217 N.W. 139, 140 (1927) (recognizing that in discussing contracts challenged on the basis of actual or constructive fraud, the term “insolvency” means insufficiency of assets of the debtor to cover his liabilities). “A debtor who is generally not paying debts as they become due is presumed to be insolvent.” Minn. Stat. § 513.42(b).

In this case, the undisputed evidence demonstrates the Debtor was insolvent at the time he transferred the Harley Davidson Sportster to Defendant. The record contains the following indicia of insolvency in May 2002: (1) The Proof of Claim submitted by Egan Oil Company related to a \$5,499.52 debt for goods sold to the Debtor on April 4, 2000; (2) The Debtor's tax records for the year 2001 and 2002 reporting a negative income for those years; (3) Repossession of an ATV valued at \$6,844.00 during the 2001 tax year; (4) The Debtor was unable to secure financing to pay off approximately \$93,596.24 in bank loans and to purchase property known as the Route 50 gas station from Bradley Newman. Therefore, the Debtor vacated the Route 50 property on or about June 1, 2001. Prior to vacating the property, the Debtor incurred debts related to remodeling expenses, used and sold inventory, and bills and expenses. At that time, the Debtor owed Bradley Newman approximately \$101,500.00. Bradley Newman obtained a judgment against the Debtor related to the same in the amount of \$101,500.00 on October 8, 2003; and (5) In August 2001, the Debtor purchased an undivided one-half interest in Hollerud Oil Company through an Assignment of Partnership Interest from Wallace Bustad. The purchase price was \$183,000.00. The Debtor failed to make payments as required. Wallace Bustad obtained a judgment against the Debtor related to the same in the amount \$123,794.25 on December 27, 2002; and (6) the Debtor filed for bankruptcy on December 10, 2003.

As evidenced by the foregoing, the Debtor was not paying his debts as they became due in May 2002. As early as April 2000, the Debtor had unpaid debts. Further, the Debtor had insufficient assets to cover his liabilities. The Debtor was insolvent at the time of the transfer of the Harley Davidson Sportster in May 2002 to Defendant. Therefore, the undisputed evidence demonstrates the Trustee has met his burden of establishing the second element of a fraudulent transfer claim.

### **CONCLUSION**

Based upon the foregoing, the Trustee respectfully requests this Court enter an order judgment against Defendant in favor of the Trustee requiring Defendant either give the Harley Davidson Sportster to the Trustee, or, alternatively, requiring Defendant to give the Trustee the value of the motorcycle, which, according to NADA is approximately \$10,000.00 within 10 days of the judgment.

Dated: August 12, 2004.

DUNLAP & SEEGER, P.A.

By: /e/ Michael S. Dietz  
Michael S. Dietz, # 188517  
Kari Stonelake-Hopkins, #0298311  
Attorneys for Plaintiff  
206 South Broadway, Suite 505  
Post Office Box 549  
Rochester, Minnesota 55903

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF MINNESOTA

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In re:

ERIK MICHAEL HOLLERUD,  
  
Debtor

Bankruptcy No. 03-38294 DDO  
Chapter 7

Adversary No. 04-3116

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Michael S. Dietz, Trustee for the  
Bankruptcy Estate of Erik Michael Hollerud

**AFFIDAVIT OF MICHAEL S. DIETZ**

Plaintiff,

vs.

Sue Adams,

Defendant.

---

STATE OF MINNESOTA     )  
                                      ) ss.  
COUNTY OF OLMTED     )

Michael S. Dietz, being duly sworn upon oath, states as follows:

1. I am the duly appointed Trustee in the above captioned Chapter 7 bankruptcy case. I make this Affidavit in support of my Motion for Summary Judgment.
2. The Bankruptcy Petition was filed by the Debtor Erik Michael Hollerud (the Debtor) on December 10, 2003.
3. In approximately December 2001, the Debtor purchased a Harley Sportster Motorcycle, Vehicle Identification Number, 1HD1CGP112K131852, for the purpose of gifting it to Defendant Sue Adams.
4. On or about May 10, 2002, the Debtor gifted the Motorcycle to Defendant Sue Adams. The Debtor received no monetary value in exchange for the transfer.
5. The current NADA value of the Motorcycle is \$10,000.00.

6. Attached hereto as Exhibit A is a true and correct copy of the Certificate of Title for a Motor Vehicle issued by the State of Minnesota for the Motorcycle.

7. Attached hereto as Exhibit B is a true and correct copy of the Debtor's 2001 U.S. Individual Income Tax Return.

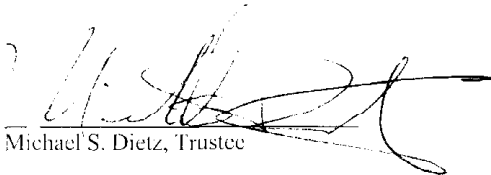
8. Attached hereto as Exhibit C is a true and correct copy of the Debtor's 2002 U.S. Individual Income Tax Return.

9. Attached hereto as Exhibit D is a true and correct copy of the Proof of Claim filed by Egan Oil Company, 500 Industry Avenue, Anoka, Minnesota, related to a debt in the amount of \$5,499.52 incurred by the Debtor on April 4, 2000.

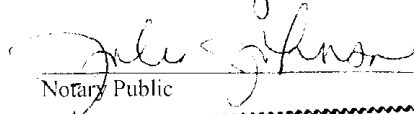
10. Attached hereto as Exhibit E is a true and correct copy of the Complaint Objecting to Discharge of the Debtor or to Determine the Dischargeability of Certain Debts and its exhibits filed by Bradley Newman dated March 17, 2004. The Exhibits include a true and correct copy of the Findings of Fact, Conclusions of Law, Order for Default Judgment and Default Judgment filed August 26, 2003, and the Notice of Entry of Judgment on October 8, 2003, against the Debtor in the amount of \$101,500.00 related to Case No. C0-02-857, Third Judicial District, State of Minnesota, County of Mower, Bradley John Newman v. Erik M. Hollerud and Hollerud Oil Co. The exhibits also include a true and correct copy of the transcript of the Trustee's 341 Chapter 7 Creditor Meeting on January 23, 2004.

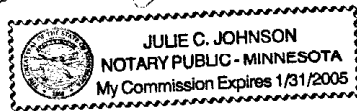
11. Attached hereto as Exhibit F is a true and correct copy of the Notice of Entry and Statement of Judgment against the Debtor in the amount of \$123,794.25 docketed December 27, 2002, related to Case No. 50-C5-02-001986, Third Judicial District, State of Minnesota, County of Mower, Wallace Bustad v. Erik M. Hollerud.

12. Attached hereto as Exhibit G is a true and correct copy of correspondence dated April 12, 2004, I received from Defendant Sue Adams.

  
Michael S. Dietz, Trustee

Subscribed and sworn to before me this  
12<sup>th</sup> day of August, 2004.

  
Notary Public



# STATE OF MINNESOTA

## CERTIFICATE OF TITLE FOR A MOTOR VEHICLE

VEHICLE IDENTIFICATION NUMBER <b>1HD1CGP112K131852</b>	YEAR <b>02</b>	MAKE <b>HD</b>	MODEL <b>RS</b>	TITLE NUMBER <b>HZ027S034</b>
DATE ISSUED <b>01/27/04</b>	ODOMETER <b>7</b>	TAX BASE <b>000000</b>	CODE <b>16</b>	PLATE NUMBER <b>43345MD</b>
EXP <b>02</b>				CENTRAL OFFICE USE ONLY

NO SECURITY INTERESTS

DOB  
50264

OWNER  
ADAMS SUSAN LYNN

306 12TH PL NW  
AUSTIN MN 55912-2920



MOTORCYCLE ENGINE NUMBER

THIS DUPLICATE CERTIFICATE OF TITLE MAY BE SUBJECT TO THE RIGHTS OF A PERSON UNDER THE ORIGINAL CERTIFICATE.

### ASSIGNMENT OF OWNERSHIP — BUYER(S) MUST COMPLETE THE APPLICATION ON THE BACK

ODOMETER DISCLOSURE STATEMENT. I (WE) CERTIFY THAT THE ODOMETER NOW READS \_\_\_\_\_ (NO TENTHS) MILES AND TO THE BEST OF MY KNOWLEDGE THE ODOMETER MILEAGE IS:  
☐ ACTUAL MILEAGE  
☐ EXCEEDS MECHANICAL LIMITS OF ODOMETER  
☐ NOT ACTUAL MILEAGE — WARNING ODOMETER DISCREPANCY

DAMAGE DISCLOSURE STATEMENT. TO THE BEST OF MY KNOWLEDGE THIS VEHICLE  
☐ HAS ☐ HAS NOT (CHECK ONE) SUSTAINED DAMAGE IN EXCESS OF 70% ACTUAL CASH VALUE.  
 POLLUTION SYSTEM DISCLOSURE STATEMENT. TO THE BEST OF MY KNOWLEDGE THE POLLUTION CONTROL SYSTEM ON THIS VEHICLE INCLUDING THE RESTRICTED GASOLINE PIPE  
☐ HAS ☐ HAS NOT (CHECK ONE) BEEN REMOVED, ALTERED OR RENDERED INOPERATIVE.  
 Assignment: I (we) certify that this vehicle is free from all security interests, warrant title, and assign the registration tax and vehicle to:

SELLER'S PRINTED NAME(S)

DATE OF SALE

BUYER'S PRINTED NAME(S)

SELLER'S ADDRESS

DEALER LICENSE #

BUYER'S ADDRESS

SELLER'S SIGNATURE(S)

BUYER'S SIGNATURE(S)

IMPORTANT — PLEASE READ: All information collected on a motor vehicle application is required by law and is used to identify your motor vehicle. Failure to provide required information may result in denial of the requested action. Except for certain uses permitted by federal and state laws, personal information contained in your application may not be disclosed to anyone without your express consent. You may expressly consent to the disclosure of your information by writing to the following address:

MINNESOTA DEPARTMENT OF PUBLIC SAFETY  
 DRIVER AND VEHICLE SERVICES DIVISION  
 445 MINNESOTA STREET, ST. PAUL, MINNESOTA 55101  
 PHONE 651-297-2126 TTY 651-282-6555  
[mndriveinfo.org](http://mndriveinfo.org)



PS2700-12



**KEEP IN A SAFE PLACE - ANY ALTERATION OR ERASURE VOIDS THIS TITLE**

### SELLER'S NOTICE OF SALE

When you sell this vehicle, you are responsible to file the information below with the Department of Public Safety within 10 days. Please file this information over the Internet at [mndriveinfo.org](http://mndriveinfo.org) or complete all information on this post card and submit by mail. This notice is not required if sold to a licensed dealer. M.S. 168A.10



**HZ027S034**

Title Number

**1HD1CGP112K131852**

Vehicle Identification Number

Date of Sale

Purchaser's Driver License Number

Purchaser's Full Name

Purchaser's Date of Birth

Street Address

### MINNESOTA MOTOR VEHICLE REGISTRATION CARD

YR **02** MK **HD** MDL **RS**

VIN **1HD1CGP112K131852**

GROSS VEHICLE WEIGHT/BASE VALUE **000000**

PLATE # **43345MD**

EXP **02/28/05**

STICKER # **418027**

TAX **10.00**

RECORDED OWNER(S):

ADAMS SUSAN LYNN

306 12TH PL NW  
AUSTIN MN 55912-2920

EXHIBIT "A"

Form 1040

Department of the Treasury — Internal Revenue Service

## U.S. Individual Income Tax Return 2001

(99) (78 use only) Do not write or staple in this space

COPY

Label  
(See instructions.)Use the  
IRS label.  
Otherwise,  
please print  
or type.Presidential  
Election  
Campaign  
(See instructions.)

For the year Jan. 1, Dec. 31, 2001, or other tax year beginning 2001, ending 20		OMB No. 1545-0074
Your First Name MI Last Name	Your Social Security Number	
ERIK M HOLLERUD	468-08-1312	
If a Joint Return, Spouse's First Name MI Last Name	Spouse's Social Security Number	
Home Address (Number and street). If you have a P.O. Box, See instructions. Apartment No.		▲ Important! ▲ You must enter your social security number(s) at the top of each page.
707 6TH STREET NW		
City, Town or Post Office. If you have a Foreign Address, See instructions. State ZIP Code		
AUSTIN, MN 55912		

Note: Checking "Yes" will not change your tax or reduce your refund. Do you, or your spouse if filing a joint return, want \$2 to go to this fund? ☐ Yes ☒ No ☐ Yes ☐ No

## Filing Status

Check only  
one box.

1 <input checked="" type="checkbox"/> Single	
2 <input type="checkbox"/> Married filing joint return (even if only one had income)	
3 <input type="checkbox"/> Married filing separate return. Enter spouse's SSN above & full name here.	
4 <input type="checkbox"/> Head of household (with qualifying person). (See instructions.) If the qualifying person is a child but not your dependent, enter this child's name here.	
5 <input type="checkbox"/> Qualifying widow(er) with dependent child (year spouse died). (See instructions.)	

## Exemptions

If more than  
six dependents,  
see instructions.

6a <input checked="" type="checkbox"/> Yourself. If your parent (or someone else) can claim you as a dependent on his or her tax return, do not check box 6a.	No. of boxes checked on 6a and 6b	1
b <input type="checkbox"/> Spouse	No. of your children on 6c Who:	
c Dependents:	(4) <input checked="" type="checkbox"/> if qualifying child for child tax credit (see instrs.)	
(i) First name Last name	(2) Dependent's social security number	(3) Dependent's relationship to you
d Total number of exemptions claimed	Add numbers entered on lines above	1

## Income

Attach Forms  
W-2 and W-2G  
here. Also attach  
Form(s) 1099-R if  
tax was withheld.If you did not  
get a W-2, see  
instructions.Enclose, but do  
not attach, any  
payment. Also,  
please use  
Form 1040-V.

7 Wages, salaries, tips, etc. Attach Form(s) W-2	7	
8a Taxable interest. Attach Schedule B if required	8a	
b Tax-exempt interest. Do not include on line 8a	8b	
9 Ordinary dividends. Attach Schedule B if required	9	
10 Taxable refunds, credits, or offsets of state and local income taxes (see instructions)	10	
11 Alimony received	11	
12 Business income or (loss). Attach Schedule C or C-EZ	12	-32,083
13 Capital gain or (loss). Attach Schedule D if required. If not required, check here.	13	
14 Other gains or (losses). Attach Form 4797	14	10,844
15a Total IRA distributions	15a	
b Taxable amount (see instrs.)	15b	
16a Total pensions & annuities	16a	
b Taxable amount (see instrs.)	16b	
17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	17	
18 Farm income or (loss). Attach Schedule F	18	
19 Unemployment compensation	19	
20a Social security benefits	20a	
b Taxable amount (see instrs.)	20b	
21 Other income	21	
22 Add the amounts in the far right column for lines 7 through 21. This is your total income	22	-21,244
23 IRA deduction (see instructions)	23	
24 Student loan interest deduction (see instructions)	24	
25 Archer MSA deduction. Attach Form 3853	25	
26 Moving expenses. Attach Form 3903	26	
27 One-half of self-employment tax. Attach Schedule SE	27	122
28 Self-employed health insurance deduction (see instructions)	28	
29 Self-employed SEP, SIMPLE, and qualified plans	29	
30 Penalty on early withdrawal of savings	30	
31a Alimony paid b Recipient's SSN	31	
32 Add lines 23 through 31a	32	122
33 Subtract line 32 from line 22. This is your adjusted gross income	33	-21,366

Adjusted  
Gross  
Income

EXHIBIT "B"

BAA For Disclosure, Privacy Act, and Paperwork Reduction Act Notice. See instructions.

FD-1040 (12-10-2001)

Form 1040 (2-01)



**Tax and Credits****Standard Deduction for —**

• People who checked any box on line 35a or 35b or who can be claimed as a dependent, see instructions.

• All others:  
Single \$4,550

Head of household, \$6,650

Married filing jointly or Qualifying widow(er), \$7,600

Married filing separately, \$3,800

34 Amount from line 33 (adjusted gross income) 34 -21,366.

35a Check if: ☐ You were 65/older, ☐ Blind; ☐ Spouse was 65/older, ☐ Blind.  
Add the number of boxes checked above and enter the total here 35a

b If you are married filing separately and your spouse itemizes deductions, or you were a dual-status alien, see instructions and check here 35b

36 Itemized deductions (from Schedule A) or your standard deduction (see left margin) 36 4,550.

37 Subtract line 36 from line 34. 37 -25,916.

38 If line 34 is \$99,725 or less, multiply \$2,900 by the total number of exemptions claimed on line 6d. If line 34 is over \$99,725, see the worksheet in the instructions. 38 2,900.

39 Taxable income. Subtract line 38 from line 37. If line 38 is more than line 37, enter -0- 39 0.

40 Tax (see instrs). Check if any tax is from a ☐ Form(s) 8814 b ☐ Form 4972 40 0.

41 Alternative minimum tax (see instructions). Attach Form 6251. 41 0.

42 Add lines 40 and 41. 42 0.

43 Foreign tax credit. Attach Form 1116 if required. 43

44 Credit for child and dependent care expenses. Attach Form 2441. 44

45 Credit for the elderly or the disabled. Attach Schedule R. 45

46 Education credits. Attach Form 8863. 46

47 Rate reduction credit. See the worksheet. 47

48 Child tax credit (see instructions). 48

49 Adoption credit. Attach Form 8839. 49

50 Other credits from: a ☐ Form 3800 b ☐ Form 8396  
c ☐ Form 8801 d ☐ Form (specify) 50

51 Add lines 43 through 50. These are your total credits. 51

52 Subtract line 51 from line 42. If line 51 is more than line 42, enter -0- 52 0.

53 Self-employment tax. Attach Schedule SE. 53 244.

54 Social security and Medicare tax on tip income not reported to employer. Attach Form 4137. 54

55 Tax on qualified plans, including IRAs, and other tax-favored accounts. Attach Form 5329 if required. 55

56 Advance earned income credit payments from Form(s) W-2. 56

57 Household employment taxes. Attach Schedule H. 57

58 Add lines 52-57. This is your total tax. 58 244.

**Other Taxes****Payments**

If you have a qualifying child, attach Schedule EIC.

59 Federal income tax withheld from Forms W-2 and 1099. 59

60 2001 estimated tax payments and amount applied from 2000 return. 60 750.

61a Earned income credit (EIC). 61a 113.

b Nontaxable earned income. 61b

62 Excess social security and RRTA tax withheld (see instrs). 62

63 Additional child tax credit. Attach Form 8812. 63

64 Amount paid with request for extension to file (see instructions). 64

65 Other payments. Check if from: a ☐ Form 2439

b ☐ Form 4136. 65

66 Add lines 59, 60, 61a, and 62 through 65. These are your total payments. 66 863.

FDIA0112L 12/10/01

**Refund**

Direct deposit? See instructions and fill in 68b, 68c, and 68d.

67 If line 66 is more than line 58, subtract line 58 from line 66. This is the amount you overpaid. 67 619.

68a Amount of line 67 you want refunded to you. 68a 0.

b Routing number. c Type: ☐ Checking ☐ Savings

d Account number.

69 Amount of line 67 you want applied to your 2002 estimated tax. 69 619.

**Amount You Owe**

70 Amount you owe. Subtract line 66 from line 58. For details on how to pay, see instructions. 70

71 Estimated tax penalty. Also include on line 70. 71

**Third Party Designee**

Do you want to allow another person to discuss this return with the IRS (see instructions)? ☒ Yes. Complete the following. ☐ No  
Designee's Name ☐ Preparer Phone No. Personal Identification Number (PIN)

**Sign Here**

Joint return? See instructions.

Keep a copy for your records.

Your Signature Date Your Occupation Daytime Phone Number

Spouse's Signature. If a Joint Return, Both Must Sign. Date Spouse's Occupation

**Paid Preparer's Use Only**

Preparer's Signature ☒ Preparer's Signature Date 12/5/03 Preparer's SSN or PTIN 469-74-5431  
Firm's Name (or yours if self-employed) Johnson & Doerhoefer, P.A.  
Address, and ZIP Code 419 E. Main St. Blooming Prairie, MN 55917  
EIN 41-1885911  
Phone No. (507) 583-7528

**Schedule C**  
(Form 1040)

**Profit or Loss from Business**  
(Sole Proprietorship)

OMB No. 1545-0074

**2001**  
09

Department of the Treasury  
Internal Revenue Service (99)

► Partnerships, joint ventures, etc. must file Form 1065 or Form 1065-B.  
► Attach to Form 1040 or Form 1041. ► See instructions for Schedule C (Form 1040).

Name of Proprietor <b>ERIK M HOLLERUD</b>		Social Security Number (SSN) <b>468-08-1312</b>
A Principal Business or Profession, Including Product or Service (see instructions) <b>OIL JOBBER</b>		B Enter Code from instructions ► <b>422700</b>
C Business Name. If No Separate Business Name, Leave Blank. <b>HOLLERUD OIL CO.</b>		D Employer ID Number (EIN), if Any <b>41-1953528</b>
E Business Address (including suite or room no.) ► <b>BOX 553</b> City, Town or Post Office, State, and ZIP Code <b>AUSTIN MN 55912</b>		
F Accounting method: (1) <input type="checkbox"/> Cash (2) <input checked="" type="checkbox"/> Accrual (3) <input type="checkbox"/> Other (specify) ►		
G Did you 'materially participate' in the operation of this business during 2001? If 'No,' see instructions for limit on losses. <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
H If you started or acquired this business during 2001, check here <input type="checkbox"/>		

**Part I Income**

1 Gross receipts or sales. <b>Caution.</b> If this income was reported to you on Form W-2 and the 'Statutory employee' box on that form was checked, see the instructions and check here. <input type="checkbox"/>	1	1,435,862.
2 Returns and allowances	2	31,677.
3 Subtract line 2 from line 1	3	1,404,185.
4 Cost of goods sold (from line 42 on page 2)	4	1,227,531.
5 Gross profit. Subtract line 4 from line 3	5	176,654.
6 Other income, including federal and state gasoline or fuel tax credit or refund	6	
7 Gross income. Add lines 5 and 6	7	176,654.

**Part II Expenses.** Enter expenses for business use of your home **only** on line 30.

8 Advertising	8	2,428.	19 Pension and profit-sharing plans	19	
9 Bad debts from sales or services (see instructions)	9		20 Rent or lease (see instructions):		
10 Car and truck expenses (see instrs)	10		a Vehicles, machinery, and equipment	20a	
11 Commissions and fees	11		b Other business property	20b	3,300.
12 Depletion	12		21 Repairs and maintenance	21	37,972.
13 Depreciation and Section 179 expense deduction (not included in Part III) (see instructions)	13	15,570.	22 Supplies (not included in Part III)	22	6,167.
14 Employee benefit programs (other than on line 19)	14		23 Taxes and licenses	23	12,208.
15 Insurance (other than health)	15	12,847.	24 Travel, meals, and entertainment:		
16 Interest:			a Travel	24a	
a Mortgage (paid to banks, etc)	16a	13,274.	b Meals and entertainment	38.	
b Other	16b	546.	c Enter nondeductible amount included on line 24b (see instrs)	19.	
17 Legal & professional services	17	2,056.	d Subtract line 24c from line 24b	24d	19.
18 Office expense	18		25 Utilities	25	6,694.
28 Total expenses before expenses for business use of home. Add lines 8 through 27 in columns	28	207,227.	26 Wages (less employment credits)	26	72,345.
29 Tentative profit (loss). Subtract line 28 from line 7	29	-30,573.	27 Other expenses (from line 48 on page 2)	27	21,801.
30 Expenses for business use of your home. Attach Form 8829	30				
31 Net profit or (loss). Subtract line 30 from line 29.	31	-30,573.			

• If a profit, enter on **Form 1040, line 12**, and also on **Schedule SE, line 2** (statutory employees, see instructions). Estates and trusts, enter on Form 1041, line 3.

• If a loss, you must go to line 32.

32 If you have a loss, check the box that describes your investment in this activity (see instructions).

• If you checked 32a, enter the loss on **Form 1040, line 12**, and also on **Schedule SE, line 2** (statutory employees, see instructions). Estates and trusts, enter on Form 1041, line 3.

• If you checked 32b, you must attach Form 6198.

32a ☒ All investment is at risk.

32b ☐ Some investment is not at risk.

BAA For Paperwork Reduction Act Notice, see Form 1040 instructions.

Schedule C (Form 1040) 2001

**Part II Cost of Goods Sold** (see instructions)

33	Method(s) used to value closing inventory	a <input checked="" type="checkbox"/> Cost	b <input type="checkbox"/> Lower of cost or market	c <input type="checkbox"/> Other (attach explanation)
34	Was there any change in determining quantities, costs, or valuations between opening and closing inventory? If "Yes," attach explanation.			
		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
35	Inventory at beginning of year. If different from last year's closing inventory, attach explanation	35	37,956.	
36	Purchases less cost of items withdrawn for personal use	36	1,215,917	
37	Cost of labor. Do not include any amounts paid to yourself	37		
38	Materials and supplies	38		
39	Other costs	39		
40	Add lines 35 through 39	40	1,253,873.	
41	Inventory at end of year	41	26,342.	
42	Cost of goods sold. Subtract line 41 from line 40. Enter the result here and on page 1, line 4	42	1,227,531.	

**Part IV Information on Your Vehicle.** Complete this part only if you are claiming car or truck expenses on line 10 and are not required to file Form 4562 for this business. See the instructions for line 13 to find out if you must file.

43 When did you place your vehicle in service for business purposes? (month, day, year) \_\_\_\_\_

44 Of the total number of miles you drove your vehicle during 2001, enter the number of miles you used your vehicle for:  
a Business \_\_\_\_\_ b Commuting \_\_\_\_\_ c Other \_\_\_\_\_

45 Do you (or your spouse) have another vehicle available for personal use? ☐ Yes ☐ No

46 Was your vehicle available for personal use during off-duty hours? ☐ Yes ☐ No

47a Do you have evidence to support your deduction? ☐ Yes ☐ No

b If "Yes," is the evidence written? ☐ Yes ☐ No

**Part V Other Expenses.** List below business expenses not included on lines 8 - 26 or line 30.

Bank Charges	9,062.
Delivery and Freight	3,019.
Outside Services	1,393.
Telephone	6,446.
Vehicle Fuel	1,881.
48 Total other expenses. Enter here and on page 1, line 27	21,801.

**Schedule C**  
(Form 1040)

**Profit or Loss from Business**  
(Sole Proprietorship)

OMB No. 1545-0074

**2001**  
09

Department of the Treasury  
Internal Revenue Service (99)

Partnerships, joint ventures, etc., must file Form 1065 or Form 1065-B.  
Attach to Form 1040 or Form 1041. See instructions for Schedule C (Form 1040).

Name of Proprietor

ERIK M HOLLERUD

Social Security Number (SSN)

468-08-1312

A Principal Business or Profession, including Product or Service (see instructions)

GAS STATION

B Enter Code from Instructions

447100

C Business Name. If No Separate Business Name, Leave Blank.

ROUTE 56 CONVINENCE

D Employer ID Number (EIN), if Any

E Business Address (including suite or room no.)  
City, Town or Post Office, State, and ZIP Code

F Accounting method. (1) ☒ Cash (2) ☐ Accrual (3) ☐ Other (specify)

G Did you 'materially participate' in the operation of this business during 2001? If 'No,' see instructions for limit on losses. ☒ Yes ☐ No

H If you started or acquired this business during 2001, check here ☒

**Part I Income**

1 Gross receipts or sales. <b>Caution.</b> If this income was reported to you on Form W-2 and the 'Statutory employee' box on that form was checked, see the instructions and check here <input type="checkbox"/>	1	42,292.
2 Returns and allowances	2	
3 Subtract line 2 from line 1	3	42,292.
4 Cost of goods sold (from line 42 on page 2)	4	38,746.
5 Gross profit. Subtract line 4 from line 3	5	3,546.
6 Other income, including federal and state gasoline or fuel tax credit or refund	6	
7 Gross income. Add lines 5 and 6	7	3,546.

**Part II Expenses.** Enter expenses for business use of your home **only** on line 30.

8 Advertising	8		19 Pension and profit-sharing plans	19	
9 Bad debts from sales or services (see instructions)	9	127.	20 Rent or lease (see instructions):	20a	
10 Car and truck expenses (see instrs)	10		a Vehicles, machinery, and equipment	20b	2,762.
11 Commissions and fees	11		b Other business property	21	643.
12 Depletion	12		21 Repairs and maintenance	22	19.
13 Depreciation and Section 179 expense deduction (not included in Part III) (see instructions)	13		22 Supplies (not included in Part III)	23	
14 Employee benefit programs (other than on line 19)	14		23 Taxes and licenses	24	
15 Insurance (other than health)	15		24 Travel, meals, and entertainment:	24a	
16 Interest:			a Travel	24b	
a Mortgage (paid to banks, etc.)	16a		b Meals and entertainment	24c	
b Other	16b		c Enter nondeductible amount included on line 24b (see instrs)	24d	
17 Legal & professional services	17		d Subtract line 24c from line 24b	25	
18 Office expense	18		25 Utilities	26	
26 Wages (less employment credits)	26		27 Other expenses (from line 48 on page 2)	27	1,510.
28 Total expenses before expenses for business use of home. Add lines 8 through 27 in columns	28	5,061.			
29 Tentative profit (loss). Subtract line 28 from line 7	29	-1,515.			
30 Expenses for business use of your home. Attach Form 8829	30				
31 Net profit or (loss). Subtract line 30 from line 29.	31	-1,515.			

- If a profit, enter on Form 1040, line 12, and also on Schedule SE, line 2 (statutory employees, see instructions). Estates and trusts, enter on Form 1041, line 3.
- If a loss, you must go to line 32.

32 If you have a loss, check the box that describes your investment in this activity (see instructions).

- If you checked 32a, enter the loss on Form 1040, line 12, and also on Schedule SE, line 2 (statutory employees, see instructions). Estates and trusts, enter on Form 1041, line 3.

- If you checked 32b, you must attach Form 6198.

32a ☒ All investment is at risk.

32b ☐ Some investment is not at risk.

BAA For Paperwork Reduction Act Notice, see Form 1040 instructions.

Schedule C (Form 1040) 2001

**Part III Cost of Goods Sold** (see instructions)

33	Method(s) used to value closing inventory	a <input type="checkbox"/> Cost	b <input type="checkbox"/> Lower of cost or market	c <input type="checkbox"/> Other (attach explanation)
34	Was there any change in determining quantities, costs, or valuations between opening and closing inventory? If 'Yes,' attach explanation. <span style="float: right;"><input type="checkbox"/> Yes <input type="checkbox"/> No</span>			
35	Inventory at beginning of year. If different from last year's closing inventory, attach explanation			
36	Purchases less cost of items withdrawn for personal use			
37	Cost of labor. Do not include any amounts paid to yourself			
38	Materials and supplies			
39	Other costs			
40	Add lines 35 through 39			
41	Inventory at end of year			
42	Cost of goods sold. Subtract line 41 from line 40. Enter the result here and on page 1, line 4			

**Part IV Information on Your Vehicle.** Complete this part **only** if you are claiming car or truck expenses on line 10 and are not required to file Form 4562 for this business. See the instructions for line 13 to find out if you must file.

43	When did you place your vehicle in service for business purposes? (month, day, year) _____	
44	Of the total number of miles you drove your vehicle during 2001, enter the number of miles you used your vehicle for: a Business _____ b Commuting _____ c Other _____	
45	Do you (or your spouse) have another vehicle available for personal use? <span style="float: right;"><input type="checkbox"/> Yes <input type="checkbox"/> No</span>	
46	Was your vehicle available for personal use during off-duty hours? <span style="float: right;"><input type="checkbox"/> Yes <input type="checkbox"/> No</span>	
47a	Do you have evidence to support your deduction? <span style="float: right;"><input type="checkbox"/> Yes <input type="checkbox"/> No</span>	
	b If 'Yes,' is the evidence written? <span style="float: right;"><input type="checkbox"/> Yes <input type="checkbox"/> No</span>	

**Part V Other Expenses.** List below business expenses not included on lines 8 — 26 or line 30.

Bank Charges	145.
Outside Services	1,365.
48 Total other expenses. Enter here and on page 1, line 27	1,510.

Name of Person with Self-Employment Income (as Shown on Form 1040)

ERIK M HOLLERUD

Social Security Number of Person  
with self-employment income ▶

468-08-1312

## Section B – Long Schedule SE

**Part I** Self-Employment Tax

**Note.** If your only income subject to self-employment tax is **church employee income**, skip lines 1 through 4b. Enter -0- on line 4c and go to line 5a. Income from services you performed as a minister or a member of a religious order is **not** church employee income. See instructions.

A If you are a minister, member of a religious order, or Christian Science practitioner and you filed Form 4361, but you had \$400 or more of other net earnings from self-employment, check here and continue with Part I. <input type="checkbox"/>	
1 Net farm profit or (loss) from Schedule F, line 36, and farm partnerships, Schedule K-1 (Form 1065), line 15a. <b>Note.</b> Skip this line if you use the farm optional method. See instructions.	1
2 Net profit or (loss) from Schedule C, line 31; Schedule C-EZ, line 3; Schedule K-1 (Form 1065), line 15a (other than farming); and Schedule K-1 (Form 1065-B), box 9. Ministers and members of religious orders, see instructions for amounts to report on this line. See instructions for other income to report. <b>Note.</b> Skip this line if you use the nonfarm optional method. See instructions.	2
3 Combine lines 1 and 2	3
4a If line 3 is more than zero, multiply line 3 by 92.35% (.9235). Otherwise, enter amount from line 3.	4a
b If you elect one or both of the optional methods, enter the total of lines 15 and 17 here	4b 1,600.
c Combine lines 4a and 4b. If less than \$400, do not file this schedule; you do not owe self-employment tax. <b>Exception.</b> If less than \$400 and you had church employee income, enter -0- and continue.	4c 1,600.
5a Enter your church employee income from Form W-2. <b>Caution.</b> See the instructions for definition of church employee income.	5a
b Multiply line 5a by 92.35% (.9235). If less than \$100, enter -0-	5b
6 Net earnings from self-employment. Add lines 4c and 5b.	6 1,600.
7 Maximum amount of combined wages and self-employment earnings subject to social security tax or the 6.2% portion of the 7.65% railroad retirement (tier 1) tax for 2001.	7 80,400.
8a Total social security wages and tips (total of boxes 3 and 7 on Form(s) W-2) and railroad retirement (tier 1) compensation.	8a
b Unreported tips subject to social security tax (from Form 4137, line 9)	8b
c Add lines 8a and 8b.	8c
9 Subtract line 8c from line 7. If zero or less, enter 0 here and on line 10 and go to line 11.	9 80,400.
10 Multiply the smaller of line 6 or line 9 by 12.4% (.124)	10 198.
11 Multiply line 6 by 2.9% (.029)	11 46.
12 Self-employment tax. Add lines 10 and 11. Enter here and on Form 1040, line 53.	12 244.
13 Deduction for one-half of self-employment tax. Multiply line 12 by 50% (.5). Enter the result here and on Form 1040, line 27.	13 122.

**Part II** Optional Methods to Figure Net Earnings (See instructions.)

Farm Optional Method. You may use this method only if:

- Your gross farm income<sup>(1)</sup> was not more than \$2,400 or
- Your net farm profits<sup>(2)</sup> were less than \$1,733.

14 Maximum income for optional methods.	14 1,600.
15 Enter the smaller of: two-thirds (2/3) of gross farm income <sup>(1)</sup> (not less than zero) or \$1,600. Also, include this amount on line 4b above.	15

Nonfarm Optional Method. You may use this method only if:

- Your net nonfarm profits<sup>(3)</sup> were less than \$1,733 and also less than 72.189% of your gross nonfarm income<sup>(4)</sup> and
- You had net earnings from self-employment of at least \$400 in 2 of the prior 3 years.

**Caution.** You may use this method no more than five times.

16 Subtract line 15 from line 14.	16 1,600.
17 Enter the smaller of: two-thirds (2/3) of gross nonfarm income <sup>(4)</sup> (not less than zero) or the amount on line 16. Also include this amount on line 4b above.	17 1,600.

(1) From Schedule F, line 11, and Schedule K-1 (Form 1065), line 15b.

(3) From Schedule C, line 31; Schedule C-EZ, line 3; Schedule K-1 (Form 1065), line 15a; and Schedule K-1 (Form 1065-B), box 9.

(2) From Schedule F, line 36, and Schedule K-1 (Form 1065), line 15a.

(4) From Schedule C, line 7; Schedule C-EZ, line 1; Schedule K-1 (Form 1065), line 15c; and Schedule K-1 (Form 1065-B), box 9.

**Depreciation and Amortization**  
(Including Information on Listed Property)  
See separate instructions.  
Attach to your tax return.

OMB No. 1545-0172

**2001**  
**67**

Name(s) Shown on Return

ERIK M HOLLERUD

Identifying Number

468-08-1312

Business or Activity to Which This Form Relates

Schedule C - HOLLERUD OIL CO.

**Part I Election to Expense Certain Tangible Property Under Section 179**

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount. See instructions for a higher limit for certain businesses.	1	\$24,000.
2	Total cost of Section 179 property placed in service (see instructions)	2	
3	Threshold cost of Section 179 property before reduction in limitation	3	\$200,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions.	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of Section 179 property. Add amounts in column (c), lines 6 and 7.	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2000 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instrs.)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2002. Add lines 9 and 10, less line 12	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

**Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.)**

14	Special depreciation allowance for certain property (other than listed property) acquired after September 10, 2001 (see instructions)	14	
15	Property subject to Section 168(f)(1) election (see instructions)	15	
16	Other depreciation (including ACRS) (see instructions)	16	

**Part III MACRS Depreciation (Do not include listed property.) (See instructions)**

**Section A**

17	MACRS deductions for assets placed in service in tax years beginning before 2001	17	12,830.
18	If you are electing under Section 168(i)(4) to group any assets placed in service during the tax year into one or more general asset accounts, check here		

**Section B - Assets Placed in Service During 2001 Tax Year Using the General Depreciation System**

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property		27,400.	5	HY	S/L	2,740.
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property			27.5 yrs	MM	S/L	
i Nonresidential real property			27.5 yrs	MM	S/L	
			39 yrs	MM	S/L	

**Section C - Assets Placed in Service During 2001 Tax Year Using the Alternative Depreciation System**

20a Class life					S/L	
b 12-year			12 yrs		S/L	
c 40-year			40 yrs	MM	S/L	

**Part IV Summary (See instructions)**

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instructions.	22	15,570.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to Section 263A costs	23	

Form 4797

Department of the Treasury  
Internal Revenue Service (999)**Sales of Business Property**  
(Also Involuntary Conversions and Recapture Amounts  
Under Sections 179 and 280F(b)(2))

▶ Attach to your tax return. ▶ See separate instructions.

OMB No. 1545-0184

**2001**

27

Name(s) Shown on Return

ERIK M HOLLERUD

Identifying Number

468-08-1312

- 1 Enter the gross proceeds from sales or exchanges reported to you for 2001 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions).

1

**Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions from Other Than Casualty or Theft — Most Property Held More Than 1 Year (See instructions.)**

2 (a) Description of property	(b) Date acquired (month, day, year)	(c) Date sold (month, day, year)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)

- 3 Gain, if any, from Form 4684, line 39.

3

- 4 Section 1231 gain from installment sales from Form 6252, line 26 or 37.

4

- 5 Section 1231 gain or (loss) from like-kind exchanges from Form 8824.

5

- 6 Gain, if any, from line 32, from other than casualty or theft.

6

- 7 Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows.

7

**Partnerships (except electing large partnerships).** Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 6. Skip lines 8, 9, 11, and 12 below.

**S corporations.** Report the gain or (loss) following the instructions for Form 1120S, Schedule K, lines 5 and 6. Skip lines 8, 9, 11, and 12 below, unless line 7 is a gain and the S corporation is subject to the capital gains tax.

**All others.** If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on Schedule D and skip lines 8, 9, 11, and 12 below.

- 8 Nonrecaptured net section 1231 losses from prior years (see instructions).

8

- 9 Subtract line 8 from line 7. If zero or less, enter -0-. Also enter on the appropriate line as follows (see instructions).

9

**S corporations.** Enter any gain from line 9 on Schedule D (Form 1120S), line 15, and skip lines 11 and 12 below.

**All others.** If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below, and enter the gain from line 9 as a long-term capital gain on Schedule D.

**Part II Ordinary Gains and Losses**

- 10 Ordinary gains and losses not included on lines 11 through 17 (include property held 1 year or less):

Repossed ATV	12/01/00	6/30/01	6,844.	6,844.	6,844.	6,844.

- 11 Loss, if any, from line 7.

11

- 12 Gain, if any, from line 7 or amount from line 8, if applicable.

12

- 13 Gain, if any, from line 31.

13

4,000.

- 14 Net gain or (loss) from Form 4684, lines 31 and 38a.

14

- 15 Ordinary gain from installment sales from Form 6252, line 25 or 36.

15

- 16 Ordinary gain or (loss) from like-kind exchanges from Form 8824.

16

- 17 Recapture of section 179 expense deduction for partners and S corporation shareholders from property dispositions by partnerships and S corporations (see instructions).

17

- 18 Combine lines 10 through 17. Enter the gain or (loss) here and on the appropriate line as follows.

18

10,844.

**a For all except individual returns.** Enter the gain or (loss) from line 18 on the return being filed.

**b For individual returns:**

- (1) If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 27, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 22. Identify as from 'Form 4797, line 18b(1).' See instructions.

18b(1)

- (2) Redetermine the gain or (loss) on line 18 excluding the loss, if any, on line 18b(1). Enter here and on Form 1040, line 14.

18b(2)

10,844.



**Part III** Gain from Disposition of Property Under Sections 1245, 1250, 1252, 1254, and 1255

19(a) Description of Section 1245, 1250, 1252, 1254, or 1255 property:	(b) Date acquired (mo., day, yr)	(c) Date sold (mo., day, yr)
A Pumps	10/01/99	12/14/01
B		
C		
D		

These columns relate to the properties on lines 19A through 19D.

		Property A	Property B	Property C	Property D
20 Gross sales price (Note: See line 1 before completing.)	20	4,000.			
21 Cost or other basis plus expense of sale.	21	8,000.			
22 Depreciation (or depletion) allowed or allowable.	22	8,000.			
23 Adjusted basis. Subtract line 22 from line 21.	23				
24 Total gain. Subtract line 23 from line 20.	24	4,000.			
25 If Section 1245 property:					
a Depreciation allowed or allowable from line 22.	25a	8,000.			
b Enter the smaller of line 24 or 25a.	25b	4,000.			
26 If Section 1250 property: If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to Section 291.					
a Additional depreciation after 1975 (see instrs.)	26a				
b Applicable percentage multiplied by the smaller of line 24 or line 26a (see instructions).	26b				
c Subtract line 26a from line 24. If residential rental property or line 24 is not more than line 26a, skip lines 26d and 26e.	26c				
d Additional depreciation after 1969 & before 1976.	26d				
e Enter the smaller of line 26c or 26d.	26e				
f Section 291 amount (corporations only).	26f				
g Add lines 26b, 26e, and 26f.	26g				
27 If Section 1252 property: Skip this section if you did not dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership).					
a Soil, water, and land clearing expenses.	27a				
b Line 27a multiplied by applicable percentage (see instructions).	27b				
c Enter the smaller of line 24 or 27b.	27c				
28 If Section 1254 property:					
a Intangible drilling and development costs, expenditures for development of mines and other natural deposits, and mining exploration costs (see instrs.)	28a				
b Enter the smaller of line 24 or 28a.	28b				
29 If Section 1255 property:					
a Applicable percentage of payments excluded from income under Section 126 (see instructions).	29a				
b Enter the smaller of line 24 or 29a (see instrs.).	29b				

**Summary of Part III Gains.** Complete property columns A through D through line 29b before going to line 30.

30 Total gains for all properties. Add property columns A through D, line 24.	30	4,000.
31 Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b. Enter here and on line 13.	31	4,000.
32 Subtract line 31 from line 30. Enter the portion from casualty or theft on Form 4684, line 33. Enter the portion from other than casualty or theft on Form 4797, line 6.	32	0.

**Part IV** Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less  
(See instructions.)

	(a) Section 179	(b) Section 280F(b)(2)
33 Section 179 expense deduction or depreciation allowable in prior years.	33	
34 Recomputed depreciation. See instructions.	34	
35 Recapture amount. Subtract line 34 from line 33. See instructions for where to report.	35	

2001

General Elections

Page 1

Client HOLERI

ERIK M HOLLERUD

468-08-1312

11/20/03

04:06PM

**Election to Disregard 5-Year NOL Carryback Period**

Pursuant to IRC Section 172(j), the Taxpayer hereby elects to have the carryback period with respect to the tax year ended 12/31/01 determined without regard to IRC Section 172(b)(1)(H).

**Election to Not Claim Additional Depreciation**

Pursuant to IRC Section 168(k)(2)(C)(iii), the Taxpayer hereby elects to not claim the additional depreciation deduction for the following classes of property placed in service after 9/10/01 in the tax year ended 12/31/01.

**Election to Depreciate MACRS Property under the Straight Line Method**

Pursuant to IRC Section 168(b)(3)(D), the Taxpayer hereby elects to depreciate the following property placed in service in the tax year ended 12/31/01 under the straight line method.

# MINNESOTA • REVENUE

## Individual Income Tax

Use capital letters when completing this form.

01 M1

ERIK M HOLLERUD

468081312

Check  
box if a  
foreign  
address:

707 6TH STREET NW

AUSTIN, MN 55912

2001 federal filing status (check one box only):

03151970

☒ Single

☐ Married filing joint

☐ Head of household

☐ Qualifying widow(er)

☐ Married filing separate: spouse's  
name and social security number:

State Elections Campaign Fund – If you want \$5 to go to help candidates for state offices pay campaign expenses, you may each fill in the code number for the party of your choice. This will not increase your tax or reduce your refund.	
Political party and code number:	Code number for You: Spouse:
Independence ..... 11	
Republican ..... 12	
Democratic Farmer-Labor ..... 13	
Green ..... 14	
General Campaign Fund ..... 15	

From your federal return (for line references see instructions), fill in the amount of:

A Wages, salaries, tips, etc:

B Unemployment:

C Federal adjusted gross income:

☒ 21366

1	Federal taxable income (from line 39 of your federal Form 1040, line 25 of Form 1040A, line 6 of Form 1040EZ, or line K of telefile tax record) .....	1	<input checked="" type="checkbox"/>	28816
2	State income tax addition. If you itemized deductions on federal Form 1040, fill out the worksheet in the instructions to determine this amount .....	2		
3	Other additions to your income, including non-Minnesota bond interest (see instructions) .....	3		
4	Add lines 1, 2 and 3 .....	4	<input checked="" type="checkbox"/>	28816
5	State income tax refund from line 10 of your federal Form 1040 .....	5		
6	Interest or mutual fund dividends from U.S. bonds (see instructions) .....	6		
7	Education expenses you paid for your qualifying children that were not used to claim the K-12 education credit on line 35. Print the name and grade of each child .....	7		
8	If you did not itemize deductions on your federal return and your charitable contributions were more than \$500, see instructions .....	8		
9	Benefits paid by the Railroad Retirement Board (included on lines 7, 16b, 19 and 20b of Form 1040 or lines 7, 12b, 13 and 14b of Form 1040A) .....	9		
10	Subtraction for persons age 65 or older, or permanently and totally disabled (attach Schedule MTR) .....	10		
11	Portion of self-employed health insurance expenses for which you did not get a federal tax benefit (attach Schedule MTH) .....	11		
12	Other subtractions (see instructions and attach Schedule M1M) .....	12		
13	Total subtractions. Add lines 5 through 12, and fill in the total here .....	13		
14	Minnesota taxable income. Subtract line 13 from line 4. If amount is zero or less, fill in 0 .....	14		0
15	Tax from the table in the M1 instructions .....	15		
16	Alternative minimum tax (attach Schedule M1MT) .....	16		
17	Add lines 15 and 16 .....	17		

18	Amount from line 17	18	
19	Part-year residents and nonresidents: Tax from line 25 of Schedule MINP (attach schedule)	19	
20	Full-year residents: Amount from line 18. Part-year residents and nonresidents: Amount from line 19	20	
21	Tax on lump-sum distribution (attach Schedule MILS)	21	
22	Tax before credits. Add lines 20 and 21.	22	
23	Marriage credit for joint return when both spouses have earned income or retirement income. Complete the worksheet in the instructions, and fill in the credit amount here	23	
24	Credit for long-term care insurance premiums paid (attach Schedule MILTI)	24	
25	Credit for taxes paid to another state (attach Schedule MITCR)	25	
26	Alternative minimum tax credit (attach Schedule MIMTC)	26	
27	Total credits against tax. Add lines 23 through 26	27	
28	Subtract line 27 from line 22. If line 27 is more than line 22, fill in 0.	28	0
29	Nongame Wildlife Fund contribution. This will reduce your refund or increase amount owed	29	
30	Add lines 28 and 29	30	
31	Minnesota income tax withheld as shown on your W-2 and 1099 forms (you must attach Schedule MIW)	31	
32	Minnesota estimated tax and Form M13 payments made for 2001	32	400
33	Child and Dependent Care Credit (attach Schedule MICD)	33	
34	Minnesota Working Family Credit (attach Schedule MIWFC)	34	28
35	K-12 Education Credit (attach Schedule M1ED). Fill in number of qualifying children here:	35	
36	Total payments. Add lines 31 through 35	36	428
37	If line 35 is more than line 30, subtract line 30 from line 36 (see instructions). This is Your Refund	37	428
38	For direct deposit of the full refund on line 37, fill in:		
39	If line 30 is more than line 36, subtract line 36 from line 30. This is the Amount You Owe	39	
40	Penalty amount from Schedule M15 (see instructions)	40	
Fill out lines 41 and 42 only if you want part of your refund credited to your estimated tax			
41	Amount from line 37, if any, you want refunded to you	41	
42	Amount from line 37 you want applied to your 2002 estimated tax	42	428

Sign Here — I declare that this form is correct and complete to the best of my knowledge and belief.

Your Signature

Spouse's Signature (if filing jointly)

Daytime Phone

Date

ID # 41-885911

TAMZEN R. JOHNSON

3374085

507 5837528

JOHNSON &amp; DOERHOEFER, P.A.

419 E. MAIN ST.

BLOOMING PRAIRIE, MN 55917

Attach a copy of your 2001 federal return and schedules or federal telefile tax record.  
Mail to: Minnesota Individual Income Tax, St Paul, MN 55145-0010

MNIAQ112L 01/15/02

I authorize the Minnesota Department of Revenue to discuss this tax return with the preparer shown here.

I do not want my preparer to file my return electronically.

## 2001 Minnesota Working Family Credit

Your Last Name

Social Security Number

HOLLERUD

468-08-1312

Number of qualifying child(ren):

☒ None☐ One☐ Two or more

Child's name

Date of birth

Social security number

QUALIFYING CHILDREN

You must be eligible for the federal Earned Income Credit (EIC) to claim the Minnesota working family credit. Before you fill out this schedule, you must follow the steps to determine if you can take the federal earned income credit and complete the appropriate EIC Worksheet, both of which are found in the instructions for filing your federal return.

- 1 If you filed federal Form 1040, fill in your total earned income from line 1 of EIC Worksheet A or line 6 of EIC Worksheet B. If you filed Form 1040A or Form 1040EZ, fill in the amount from line 1 of your EIC Worksheet. If you telefiled your federal return, see the instructions. 1 1,478.
- 2 Using the amount on line 1 and the number of qualifying children, find the credit amount using the WFC Table in the M1 instructions and fill in amount here. 2 28.
- 3 If you filed federal Form 1040, fill in your modified adjusted gross income from line 3 of your EIC Worksheet A or line 8 of EIC Worksheet B. If you filed Form 1040A or Form 1040EZ, fill in the amount from line 3 of EIC Worksheet. If you telefiled your federal return, see instructions. 3 2,700.
- 4
  - If you do not have a qualifying child, is the amount on line 3 \$5,950 or less?
  - If you have only one qualifying child, is the amount on line 3 \$15,550 or less?
  - If you have two or more qualifying children, is the amount on line 3 \$18,430 or less?
  - ☒ Yes. Go to line 5 below.
  - ☐ No. Using the amount on line 3, find the credit amount using the WFC Table in the M1 instructions, and fill in here. 4
- 5 Working family credit amount
  - If you checked 'Yes' on line 4, fill in the amount from line 2.
  - If you checked 'No' on line 4, fill in the amount from line 2 or line 4, whichever is smaller. 5 28.

Full-year residents: Also fill in this result on line 34 of your Form M1.
- Part-year residents and nonresidents
- 6 Multiply line 5 by the percentage on line 24 of your Schedule M1NR. Also fill in this result on line 34 of your Form M1. 6
- American Indians working and living on an Indian reservation
- 7 If you are an American Indian who worked and lived on an Indian reservation, see the instructions to determine the amount to fill in here and on line 34 of Form M1. 7

DETERMINING YOUR CREDIT AMOUNT

You must attach this schedule to your Form M1.

COPY

Form **1040** Department of the Treasury — Internal Revenue Service  
**U.S. Individual Income Tax Return 2002** (99) IRS use only — Do not write or staple in this space.

For the year Jan. 1 — Dec. 31, 2002, or other tax year beginning 2002, ending 20

**Label** (See instructions.)  
 Your first name MI Last name  
**ERIK M HOLLERUD**  
 If a joint return, spouse's first name MI Last name

**OMB No. 1545-0047**  
 Your social security number  
**468-08-1312**  
 Spouse's social security number

**Use the IRS label.** Otherwise, please print or type.  
 Home address (number and street). If you have a P.O. box, see instructions. Apartment no.  
**707 6TH STREET NW**  
 City, town or post office. If you have a foreign address, see instructions. State ZIP code  
**AUSTIN, MN 55912**

**Presidential Election Campaign** (See instructions.)  
 Note: Checking "Yes" will not change your tax or reduce your refund. Do you, or your spouse if filing a joint return, want \$3 to go to this fund? You ☐ Yes ☒ No Spouse ☐ Yes ☐ No

**Filing Status**  
 1 ☒ Single  
 2 ☐ Married filing jointly (even if only one had income)  
 3 ☐ Married filing separately. Enter spouse's SSN above & full name here  
 4 ☐ Head of household (with qualifying person). (See instructions.) If the qualifying person is a child but not your dependent, enter this child's name here  
 5 ☐ Qualifying widow(er) with dependent child (year spouse died) (See instructions.)

**Exemptions**  
 6a ☒ Yourself. If your parent (or someone else) can claim you as a dependent on his or her tax return, do not check box 6a.  
 b ☐ Spouse.  
 c Dependents:  
 (1) First name Last name (2) Dependent's social security number (3) Dependent's relationship to you (4) ☒ if qualifying child for child tax credit (see instrs.)  
 • lived with you  
 • did not live with you due to divorce or separation (see instrs.)  
 Dependents on 6c not entered above.  
 d Total number of exemptions claimed. Add numbers on lines above 1

**Income**  
 7 Wages, salaries, tips, etc. Attach Form(s) W-2.  
 8a Taxable interest. Attach Schedule B if required.  
 b Tax-exempt interest. Do not include on line 8a.  
 9 Ordinary dividends. Attach Schedule B if required.  
 10 Taxable refunds, credits, or offsets of state and local income taxes (see instructions).  
 11 Alimony received.  
 12 Business income or (loss). Attach Schedule C or C-EZ.  
 13 Capital gain or (loss). Att Sch D if reqd. if not reqd, ck here  
 14 Other gains or (losses). Attach Form 4797.  
 15a IRA distributions. 15a b Taxable amount (see instrs).  
 16a Pensions and annuities. 16a b Taxable amount (see instrs).  
 17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E.  
 18 Farm income or (loss). Attach Schedule F.  
 19 Unemployment compensation.  
 20a Social security benefits. 20a b Taxable amount (see instrs).  
 21 Other income.  
 22 Add the amounts in the far right column for lines 7 through 21. This is your total income. -40,853

**Adjusted Gross Income**  
 23 Educator expenses (see instructions).  
 24 IRA deduction (see instructions).  
 25 Student loan interest deduction (see instructions).  
 26 Tuition and fees deduction (see instructions).  
 27 Archer MSA deduction. Attach Form 8853.  
 28 Moving expenses. Attach Form 3903.  
 29 One-half of self-employment tax. Attach Schedule SE.  
 30 Self-employed health insurance deduction (see instructions).  
 31 Self-employed SEP, SIMPLE, and qualified plans.  
 32 Penalty on early withdrawal of savings.  
 33a Alimony paid b Recipient's SSN  
 34 Add lines 23 through 33a.  
 35 Subtract line 34 from line 22. This is your adjusted gross income. 122.  
 EXHIBIT "C"

**Adjusted Gross Income**  
 34 122.  
 35 -40,975.

BAA For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see instructions. FD-1040(11-2) 12/26/02 Form 1040 (2002)

**Tax and Credits****Standard Deduction for**

• People who checked any box on line 37a or 37b or who can be claimed as a dependent, see instructions.

• All others:  
Single,  
\$4,700

Head of household,  
\$5,900

Married filing jointly or Qualifying widow(er),  
\$7,850

Married filing separately,  
\$3,925

36 Amount from line 35 (adjusted gross income) 36 -40,975.  
37a Check if: ☐ You were 65/older, ☐ Blind; ☐ Spouse was 65/older, ☐ Blind.  
Add the number of boxes checked above and enter the total here 37a

b If you are married filing separately and your spouse itemizes deductions, or you were a dual-status alien, see instructions and check here 37b

38 Itemized deductions (from Schedule A) or your standard deduction (see left margin) 38 4,861.

39 Subtract line 38 from line 36. 39 -45,836.

40 If line 36 is \$103,000 or less, multiply \$3,000 by the total number of exemptions claimed on line 6d. If line 36 is over \$103,000, see the worksheet in the instructions 40 3,000.

41 Taxable income. Subtract line 40 from line 39. If line 40 is more than line 39, enter -0- 41 0.

42 Tax (see instrs). Check if any tax is from: a ☐ Form(s) 8814 b ☐ Form 4972 42 0.

43 Alternative minimum tax (see instructions). Attach Form 6251. 43

44 Add lines 42 and 43. 44 0.

45 Foreign tax credit. Attach Form 1116 if required. 45

46 Credit for child and dependent care expenses. Attach Form 2441 46

47 Credit for the elderly or the disabled. Attach Schedule R 47

48 Education credits. Attach Form 8863 48

49 Retirement savings contributions credit. Attach Form 8880 49

50 Child tax credit (see instructions). 50

51 Adoption credit. Attach Form 8839 51

52 Credits from: a ☐ Form 8396 b ☐ Form 8859 52

53 Other credits. Check applicable box(es): a ☐ Form 3800 b ☐ Form 8801 c ☐ Specify 53

54 Add lines 45 through 53. These are your total credits. 54

55 Subtract line 54 from line 44. If line 54 is more than line 44, enter -0- 55 0.

56 Self-employment tax. Attach Schedule SE. 56 244.

57 Social security and Medicare tax on tip income not reported to employer. Attach Form 4137. 57

58 Tax on qualified plans, including IRAs, and other tax-favored accounts. Attach Form 5329 if required. 58

59 Advance earned income credit payments from Form(s) W-2 59

60 Household employment taxes. Attach Schedule H 60

61 Add lines 55-60. This is your total tax. 61 244.

**Other Taxes****Payments**

If you have a qualifying child, attach Schedule EIC.

62 Federal income tax withheld from Forms W-2 and 1099. 62

63 2002 estimated tax payments and amount applied from 2001 return. 63 619.

64 Earned income credit (EIC). 64 113.

65 Excess social security and tier 1 RRTA tax withheld (see instructions). 65

66 Additional child tax credit. Attach Form 8812 66

67 Amount paid with request for extension to file (see instructions). 67

68 Other prmts from: a ☐ Form 2439 b ☐ Form 4136 c ☐ Form 8885 68

69 Add lines 62 through 68. These are your total payments. 69 732.

**Refund**

Direct deposit?  
See instructions  
and fill in 71b,  
71c, and 71d.

70 If line 69 is more than line 61, subtract line 61 from line 69. This is the amount you overpaid. 70 488.

71a Amount of line 70 you want refunded to you 71a 0.

b Routing number. c Type: ☐ Checking ☐ Savings

d Account number.

72 Amount of line 70 you want applied to your 2003 estimated tax. 72 488.

**Amount You Owe**

73 Amount you owe. Subtract line 69 from line 61. For details on how to pay, see instructions. 73

74 Estimated tax penalty (see instructions). 74

**Third Party Designee**

Do you want to allow another person to discuss this return with the IRS (see instructions)? ☒ Yes. Complete the following. ☐ No

Designee's name: Tamzen R. Johnson Phone no: (507) 583-7528 Personal identification number (PIN): 12243

**Sign Here**

Joint return?  
See instructions.

Keep a copy  
for your records.

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Your signature: [Signature] Date: [Date] Your occupation: Self-Employed Daytime phone number: 507-440-0316

Spouse's signature. If a joint return, both must sign. Date: Spouse's occupation:

**Paid Preparer's Use Only**

Preparer's signature: Tamzen R. Johnson Date: 12/5/03 Check if self-employed ☐ Preparer's SSN or PTIN: 469-74-5431

Firm's name (or yours if self-employed): Johnson & Doerhoefer, P.A. EIN: 41-1885911  
address, and ZIP code: 419 E. Main St. Phone no.: (507) 583-7528  
Blooming Prairie, MN 55917

**SCHEDULE A**  
(Form 1040)

Department of the Treasury  
Internal Revenue Service (99)

**Itemized Deductions**

► Attach to Form 1040.  
► See Instructions for Schedule A (Form 1040).

OMB No. 1545-0074

**2002**

07

Name(s) shown on Form 1040

**ERIK M HOLLERUD**

Your social security number

**468-08-1312**

<b>Medical and Dental Expenses</b>	<b>Caution.</b> Do not include expenses reimbursed or paid by others.			
1	Medical and dental expenses (see instructions)	1		
2	Enter amount from Form 1040, line 36	2		
3	Multiply line 2 by 7.5% (.075)	3		
4	Subtract line 3 from line 1. If line 3 is more than line 1, enter -0-	4		0.
<b>Taxes You Paid</b>	5	State and local income taxes	5	428.
(See instructions.)	6	Real estate taxes (see instructions)	6	2,003.
	7	Personal property taxes	7	
	8	Other taxes. List type and amount ►	8	
	9	Add lines 5 through 8	9	2,431.
<b>Interest You Paid</b>	10	Home mtg interest and points reported to you on Form 1098	10	2,430.
(See instructions.)	11	Home mortgage interest not reported to you on Form 1098. If paid to the person from whom you bought the home, see instructions and show that person's name, identifying number, and address ►		
	11		11	
<b>Note.</b> Personal interest is not deductible.	12	Points not reported to you on Form 1098. See instrs for spcl rules	12	
	13	Investment interest. Attach Form 4952 if required. (See instrs.)	13	
	14	Add lines 10 through 13	14	2,430.
<b>Gifts to Charity</b>	15	Gifts by cash or check. If you made any gift of \$250 or more, see instructions.	15	
If you made a gift and got a benefit for it, see instructions.	16	Other than by cash or check. If any gift of \$250 or more, see instructions. You must attach Form 8283 if over \$500.	16	
	17	Carryover from prior year	17	
	18	Add lines 15 through 17	18	0.
<b>Casualty and Theft Losses</b>	19	Casualty or theft loss(es). Attach Form 4684. (See instructions.)	19	0.
<b>Job Expenses and Most Other Miscellaneous Deductions</b>	20	Unreimbursed employee expenses — job travel, union dues, job education, etc. You must attach Form 2106 or 2106-EZ if required. (See instructions.) ►		
(See instructions for expenses to deduct here.)	20		20	
	21	Tax preparation fees	21	
	22	Other expenses — investment, safe deposit box, etc. List type and amount ►	22	
	23	Add lines 20 through 22	23	
	24	Enter amount from Form 1040, line 36	24	
	25	Multiply line 24 by 2% (.02)	25	
	26	Subtract line 25 from line 23. If line 25 is more than line 23, enter -0-	26	0.
<b>Other Miscellaneous Deductions</b>	27	Other — from list in the instructions. List type and amount ►	27	0.
<b>Total Itemized Deductions</b>	28	Is Form 1040, line 36, over \$137,300 (over \$68,650 if MFS)?	28	4,861.
	<input checked="" type="checkbox"/> <b>No.</b> Your deduction is not limited. Add the amounts in the far right column for lines 4 through 27. Also, enter this amount on Form 1040, line 38. <input type="checkbox"/> <b>Yes.</b> Your deduction may be limited. See instructions for the amount to enter.			



**SCHEDULE C**  
(Form 1040)

**Profit or Loss from Business**  
(Sole Proprietorship)

OMB No. 1545-0074

**2002**  
09

Department of the Treasury  
Internal Revenue Service (99)

► Partnerships, joint ventures, etc., must file Form 1065 or Form 1065-B.  
► Attach to Form 1040 or 1041. ► See instructions for Schedule C (Form 1040).

Name of proprietor <b>ERIK M HOLLERUD</b>		Social security number (SSN) <b>468-08-1312</b>
A Principal business or profession, including product or service (see instructions) <b>OIL JOBBER</b>		B Enter code from instructions ► <b>424700</b>
C Business name, if no separate business name, leave blank. <b>HOLLERUD OIL CO.</b>		D Employer ID number (EIN), if any <b>41-1953528</b>
E Business address (including suite or room no.) ► <b>BOX 553</b> City, town or post office, state, and ZIP code <b>AUSTIN MN 55912</b>		
F Accounting method: (1) <input type="checkbox"/> Cash (2) <input checked="" type="checkbox"/> Accrual (3) <input type="checkbox"/> Other (specify) ►		
G Did you 'materially participate' in the operation of this business during 2002? If 'No,' see instructions for limit on losses. ... <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
H If you started or acquired this business during 2002, check here		

**Part I Income**

1 Gross receipts or sales. <b>Caution.</b> If this income was reported to you on Form W-2 and the 'Statutory employee' box on that form was checked, see the instructions and check here. ... <input type="checkbox"/>	1	679,004.
2 Returns and allowances	2	22,254.
3 Subtract line 2 from line 1.	3	656,750.
4 Cost of goods sold (from line 42 on page 2).	4	584,116.
5 <b>Gross profit.</b> Subtract line 4 from line 3.	5	72,634.
6 Other income, including Federal and state gasoline or fuel tax credit or refund	6	
7 <b>Gross income.</b> Add lines 5 and 6.	7	72,634.

**Part II Expenses.** Enter expenses for business use of your home **only** on line 30.

8 Advertising	8	668.	19 Pension and profit-sharing plans	19	
9 Bad debts from sales or services (see instructions)	9	209.	20 Rent or lease (see instructions):	20a	
10 Car and truck expenses (see instructions)	10		a Vehicles, machinery, and equipment	20b	3,000.
11 Commissions and fees	11		b Other business property	21	13,253.
12 Depletion	12		21 Repairs and maintenance	22	4,135.
13 Depreciation and section 179 expense deduction (not included in Part III) (see instructions)	13	8,363.	22 Supplies (not included in Part III)	23	7,526.
14 Employee benefit programs (other than on line 19)	14	904.	23 Taxes and licenses	24a	
15 Insurance (other than health)	15	13,841.	24 Travel, meals, and entertainment:		
16 Interest:			a Travel		
a Mortgage (paid to banks, etc.)	16a		b Meals and entertainment		584.
b Other	16b	15,240.	c Enter nondeductible amount included on line 24b (see instrs.)		292.
17 Legal & professional services	17	1,369.	d Subtract line 24c from line 24b.	24d	292.
18 Office expense	18		25 Utilities	25	4,982.
28 <b>Total expenses</b> before expenses for business use of home. Add lines 8 through 27 in columns.	28	129,424.	26 Wages (less employment credits)	26	43,113.
29 Tentative profit (loss). Subtract line 28 from line 7.	29	-56,790.	27 Other expenses (from line 48 on page 2)	27	12,529.
30 Expenses for business use of your home. Attach Form 8829.	30			28	
31 <b>Net profit or (loss).</b> Subtract line 30 from line 29.	31	-56,790.			

- If a profit, enter on Form 1040, line 12, and also on Schedule SE, line 2 (statutory employees, see instructions). Estates and trusts, enter on Form 1041, line 3.
- If a loss, you must go to line 32.

32 If you have a loss, check the box that describes your investment in this activity (see instructions).

- If you checked 32a, enter the loss on Form 1040, line 12, and also on Schedule SE, line 2 (statutory employees, see instructions). Estates and trusts, enter on Form 1041, line 3.

- If you checked 32b, you must attach Form 6198.

32a ☒ All investment is at risk.

32b ☐ Some investment is not at risk.

BAA For Paperwork Reduction Act Notice, see Form 1040 instructions.

Schedule C (Form 1040) 2002

**Part III Cost of Goods Sold** (see instructions)

33	Method(s) used to value closing inventory	a <input checked="" type="checkbox"/> Cost	b <input type="checkbox"/> Lower of cost or market	c <input type="checkbox"/> Other (attach explanation)
34	Was there any change in determining quantities, costs, or valuations between opening and closing inventory? If 'Yes,' attach explanation. <span style="float: right;"><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</span>			
35	Inventory at beginning of year. If different from last year's closing inventory, attach explanation	35	26,342.	
36	Purchases less cost of items withdrawn for personal use	36	583,409.	
37	Cost of labor. Do not include any amounts paid to yourself	37		
38	Materials and supplies	38		
39	Other costs	39		
40	Add lines 35 through 39	40	609,751.	
41	Inventory at end of year	41	25,635.	
42	Cost of goods sold. Subtract line 41 from line 40. Enter the result here and on page 1, line 4	42	584,116.	

**Part IV Information on Your Vehicle.** Complete this part **only** if you are claiming car or truck expenses on line 10 and are not required to file Form 4562 for this business. See the instructions for line 13 to find out if you must file.

43 When did you place your vehicle in service for business purposes? (month, day, year) ▶ \_\_\_\_\_

44 Of the total number of miles you drove your vehicle during 2002, enter the number of miles you used your vehicle for:  
a Business \_\_\_\_\_ b Commuting \_\_\_\_\_ c Other \_\_\_\_\_

45 Do you (or your spouse) have another vehicle available for personal use? ☐ Yes ☐ No

46 Was your vehicle available for personal use during off-duty hours? ☐ Yes ☐ No

47 a Do you have evidence to support your deduction? ☐ Yes ☐ No

b If 'Yes,' is the evidence written? ☐ Yes ☐ No

**Part V Other Expenses.** List below business expenses not included on lines 8 – 26 or line 30.

Bank Charges	1,628.
Delivery and Freight	2,728.
Outside Services	1,160.
Telephone	4,481.
Vehicle Fuel	2,532.
48 Total other expenses. Enter here and on page 1, line 27	48 12,529.

**SCHEDULE C**  
(Form 1040)

**Profit or Loss from Business**  
(Sole Proprietorship)

OMB No. 1545-0074

**2002**  
09

Department of the Treasury  
Internal Revenue Service (99)

Partnerships, joint ventures, etc., must file Form 1065 or Form 1065-B.  
Attach to Form 1040 or 1041. See instructions for Schedule C (Form 1040).

Name of proprietor <b>ERIK M HOLLERUD</b>		Social security number (SSN) <b>468-08-1312</b>
A Principal business or profession, including product or service (see instructions) <b>TRUCKING</b>		B Enter code from instructions ▶ <b>484110</b>
C Business name. If no separate business name, leave blank.		D Employer ID number (EIN), if any
E Business address (including suite or room no.) City, town or post office, state, and ZIP code		
F Accounting method: (1) <input checked="" type="checkbox"/> Cash (2) <input type="checkbox"/> Accrual (3) <input type="checkbox"/> Other (specify) ▶		
G Did you 'materially participate' in the operation of this business during 2002? If 'No,' see instructions for limit on losses. <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
H If you started or acquired this business during 2002, check here <input checked="" type="checkbox"/>		

**Part I Income**

1 Gross receipts or sales. <b>Caution.</b> If this income was reported to you on Form W-2 and the 'Statutory employee' box on that form was checked, see the instructions and check here. <input type="checkbox"/>	1	
2 Returns and allowances	2	
3 Subtract line 2 from line 1	3	
4 Cost of goods sold (from line 42 on page 2)	4	
5 <b>Gross profit.</b> Subtract line 4 from line 3	5	
6 Other income, including Federal and state gasoline or fuel tax credit or refund	6	24,047.
7 <b>Gross income.</b> Add lines 5 and 6	7	24,047.

**Part II Expenses.** Enter expenses for business use of your home only on line 30.

8 Advertising	8		19 Pension and profit-sharing plans	19	
9 Bad debts from sales or services (see instructions)	9		20 Rent or lease (see instructions):		
10 Car and truck expenses (see instructions)	10		a Vehicles, machinery, and equipment	20a	
11 Commissions and fees	11		b Other business property	20b	
12 Depletion	12		21 Repairs and maintenance	21	
13 Depreciation and section 179 expense deduction (not included in Part III) (see instructions)	13	5,940.	22 Supplies (not included in Part III)	22	
14 Employee benefit programs (other than on line 19)	14		23 Taxes and licenses	23	853.
15 Insurance (other than health)	15	1,317.	24 Travel, meals, and entertainment:		
16 Interest:			a Travel	24a	
a Mortgage (paid to banks, etc.)	16a		b Meals and entertainment		
b Other	16b		c Enter nondeductible amount included on line 24b (see instrs.)		
17 Legal & professional services	17		d Subtract line 24c from line 24b	24d	
18 Office expense	18		25 Utilities	25	
28 <b>Total expenses</b> before expenses for business use of home. Add lines 8 through 27 in columns	28	8,110.	26 Wages (less employment credits)	26	
29 Tentative profit (loss). Subtract line 28 from line 7	29	15,937.	27 Other expenses (from line 48 on page 2)	27	
30 Expenses for business use of your home. Attach Form 8829	30				
31 <b>Net profit or (loss).</b> Subtract line 30 from line 29.	31	15,937.			

- If a profit, enter on Form 1040, line 12, and also on Schedule SE, line 2 (statutory employees, see instructions). Estates and trusts, enter on Form 1041, line 3.
- If a loss, you must go to line 32.

32 If you have a loss, check the box that describes your investment in this activity (see instructions).

- If you checked 32a, enter the loss on Form 1040, line 12, and also on Schedule SE, line 2 (statutory employees, see instructions). Estates and trusts, enter on Form 1041, line 3.

- If you checked 32b, you must attach Form 6198.

32a ☐ All investment is at risk.

32b ☐ Some investment is not at risk.

BAA For Paperwork Reduction Act Notice, see Form 1040 instructions.

Schedule C (Form 1040) 2002

Name of Person with self-employment income (as shown on Form 1040)

ERIK M HOLLERUD

Social security number of person with self-employment income ▶

468-08-1312

## Section B — Long Schedule SE

**Part I** Self-Employment Tax

**Note.** If your only income subject to self-employment tax is church employee income, skip lines 1 through 4b. Enter -0- on line 4c and go to line 5a. Income from services you performed as a minister or a member of a religious order is not church employee income. See instructions.

- A** If you are a minister, member of a religious order, or Christian Science practitioner and you filed Form 4361, but you had \$400 or more of other net earnings from self-employment, check here and continue with Part I. ☐

1	Net farm profit or (loss) from Schedule F, line 36, and farm partnerships, Schedule K-1 (Form 1065), line 15a. <b>Note.</b> Skip this line if you use the farm optional method. See instructions.	1	
2	Net profit or (loss) from Schedule C, line 31; Schedule C-EZ, line 3; Schedule K-1 (Form 1065), line 15a (other than farming); and Schedule K-1 (Form 1065-B), box 9. Ministers and members of religious orders, see instructions for amounts to report on this line. See instructions for other income to report. <b>Note.</b> Skip this line if you use the nonfarm optional method. See instructions.	2	
3	Combine lines 1 and 2.	3	
4a	If line 3 is more than zero, multiply line 3 by 92.35% (.9235). Otherwise, enter amount from line 3.	4a	
4b	If you elect one or both of the optional methods, enter the total of lines 15 and 17 here.	4b	1,600.
4c	Combine lines 4a and 4b. If less than \$400, do not file this schedule; you do not owe self-employment tax. <b>Exception.</b> If less than \$400 and you had church employee income, enter -0- and continue.	4c	1,600.
5a	Enter your church employee income from Form W-2. <b>Caution.</b> See the instructions for definition of church employee income.	5a	
5b	Multiply line 5a by 92.35% (.9235). If less than \$100, enter -0-.	5b	
6	Net earnings from self-employment. Add lines 4c and 5b.	6	1,600.
7	Maximum amount of combined wages and self-employment earnings subject to social security tax or the 6.2% portion of the 7.65% railroad retirement (tier 1) tax for 2002.	7	84,900.
8a	Total social security wages and tips (total of boxes 3 and 7 on Form(s) W-2) and railroad retirement (tier 1) compensation.	8a	
8b	Unreported tips subject to social security tax (from Form 4137, line 9).	8b	
8c	Add lines 8a and 8b.	8c	
9	Subtract line 8c from line 7. If zero or less, enter -0- here and on line 10 and go to line 11.	9	84,900.
10	Multiply the smaller of line 6 or line 9 by 12.4% (.124).	10	198.
11	Multiply line 6 by 2.9% (.029).	11	46.
12	Self-employment tax. Add lines 10 and 11. Enter here and on Form 1040, line 56.	12	244.
13	Deduction for one-half of self-employment tax. Multiply line 12 by 50% (.5). Enter the result here and on Form 1040, line 29.	13	122.

**Part II** Optional Methods to Figure Net Earnings (See instructions.)

**Farm Optional Method.** You may use this method only if:

- Your gross farm income<sup>(1)</sup> was not more than \$2,400 or
- Your net farm profits<sup>(2)</sup> were less than \$1,733.

14 Maximum income for optional methods. 14 1,600.

15 Enter the smaller of: two-thirds (2/3) of gross farm income<sup>(1)</sup> (not less than zero) or \$1,600. Also, include this amount on line 4b above. 15

**Nonfarm Optional Method.** You may use this method only if:

- Your net nonfarm profits<sup>(3)</sup> were less than \$1,733 and also less than 72.189% of your gross nonfarm income<sup>(4)</sup> and
- You had net earnings from self-employment of at least \$400 in 2 of the prior 3 years.

**Caution.** You may use this method no more than five times.

16 Subtract line 15 from line 14. 16 1,600.

17 Enter the smaller of: two-thirds (2/3) of gross nonfarm income<sup>(4)</sup> (not less than zero) or the amount on line 16. Also include this amount on line 4b above. 17 1,600.

(1) From Schedule F, line 11, and Schedule K-1 (Form 1065), line 15b.

(3) From Schedule C, line 31; Schedule C-EZ, line 3; Schedule K-1 (Form 1065), line 15a; and Schedule K-1 (Form 1065-B), box 9.

(2) From Schedule F, line 36, and Schedule K-1 (Form 1065), line 15a.

(4) From Schedule C, line 7; Schedule C-EZ, line 1; Schedule K-1 (Form 1065), line 15c; and Schedule K-1 (Form 1065-B), box 9.

Form 4562

# **Depreciation and Amortization** (Including Information on Listed Property) ▶ See separate instructions. ▶ Attach to your tax return.

OMB No. 1545-0172

**2002**

67

Department of the Treasury  
Internal Revenue Service

Name(s) shown on return

ERIK M HOLLERUD

Identifying number

468-08-1312

Business or activity to which this form relates

Schedule C - ERIK M HOLLERUD

**Part I Election To Expense Certain Tangible Property Under Section 179**

Note: If you have any listed property, complete Part V before you complete Part I.

- |   |  |   |            |
|---|--|---|------------|
| 1 | Maximum amount. See instructions for a higher limit for certain businesses.  | 1 | \$24,000.  |
| 2 | Total cost of section 179 property placed in service (see instructions).   | 2 |            |
| 3 | Threshold cost of section 179 property before reduction in limitation.   | 3 | \$200,000. |
| 4 | Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-   | 4 |            |
| 5 | Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions. | 5 |            |

- |    |   |                              |                  |
|----|---|------------------------------|------------------|
| 6  | (a) Description of property   | (b) Cost (business use only) | (c) Elected cost |
| 7  | Listed property. Enter the amount from line 29.   | 7                            |                  |
| 8  | Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7.                         | 8                            |                  |
| 9  | Tentative deduction. Enter the smaller of line 5 or line 8.   | 9                            |                  |
| 10 | Carryover of disallowed deduction from line 13 of your 2001 Form 4562.  | 10                           |                  |
| 11 | Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instrs). | 11                           |                  |
| 12 | Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11.                        | 12                           |                  |
| 13 | Carryover of disallowed deduction to 2003. Add lines 9 and 10, less line 12.                                  | 13                           |                  |

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

**Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.)**

- |    |  |    |  |
|----|--|----|--|
| 14 | Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions). | 14 |  |
| 15 | Property subject to section 168(f)(1) election (see instructions).   | 15 |  |
| 16 | Other depreciation (including ACRS) (see instructions).  | 16 |  |

**Part III MACRS Depreciation (Do not include listed property.) (See instructions)****Section A**

- |    |  |    |        |
|----|--|----|--------|
| 17 | MACRS deductions for assets placed in service in tax years beginning before 2002.  | 17 | 5,480. |
| 18 | If you are electing under section 168(i)(4) to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/> |    |        |

**Section B - Assets Placed in Service During 2002 Tax Year Using the General Depreciation System**

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property			27.5 yrs	MM	S/L	
i Nonresidential real property			27.5 yrs	MM	S/L	
			39 yrs	MM	S/L	

**Section C - Assets Placed in Service During 2002 Tax Year Using the Alternative Depreciation System**

20a Class life					S/L	
b 12-year			12 yrs		S/L	
c 40-year			40 yrs	MM	S/L	

**Part IV Summary (see instructions)**

- |    |   |    |        |
|----|---|----|--------|
| 21 | Listed property. Enter amount from line 28.   | 21 |        |
| 22 | Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instructions. | 22 | 5,480. |
| 23 | For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs.  | 23 |        |

Mark an  
X if a  
foreign  
address:

ERIK M

HOLLERUD

468081312

707 6TH STREET NW

03151970

AUSTIN

MN 55912

2002 federal  
filing status  
(mark an X in  
one box):

X

Single

Married

filing joint

Head of household

Qualifying widow(er)

Married filing separate:  
Also enter spouse's name  
and social security number

## DO NOT SEND IN WITH ORIGINAL AND ENCLOSE SCHEDULE M1 TO CLAIM MINNESOTA TOTAL WITH HOLDING

## State Elections Campaign Fund

If you want \$5 to go to help candidates for state offices pay campaign expenses, you may each enter the code number for the party of your choice. This will not increase your tax or reduce your refund.

## Political party and code number:

Green . . . . . 11 Democratic Farmer-Labor . . . 14  
Independence . . . 12 General Campaign Fund . . . 15  
Republican . . . . 13Code number  
for you:Code number  
for spouse:

From your federal return (for line references see instructions), enter the amount of:

A Wages, salaries, tips, etc:

B Pensions and annuities:

C Unemployment:

D Federal adjusted gross income:

X 40975

1 Federal taxable income (from line 41 of federal Form 1040, line 27 of Form 1040A, line 6 of Form 1040EZ, or line K of telefile tax record)

1 ■ X 48836

2 State income tax addition. If you itemized deductions on federal Form 1040, complete the worksheet in the instructions to determine this amount

2 ■ 161

3 Federal bonus depreciation addition (see instructions)

3 ■

4 Other additions to your income, including non-Minnesota bond interest (see instructions)

4 ■

5 Add lines 1 through 4 (if a negative number, mark an X in the box indicated)

5 X 48675

6 State income tax refund from line 10 of your federal Form 1040

6 ■

7 Interest or mutual fund dividends from U.S. bonds (see instructions)

7 ■

8 Education expenses you paid for your qualifying children that were not used to claim the K-12 education credit on line 34. Print the name and grade of each child:

8 ■

9 If you did not itemize deductions on your federal return and your charitable contributions were more than \$500, see instructions

9 ■

10 Subtraction for persons age 65 or older, or permanently and totally disabled (enclose Schedule M1R)

10 ■

11 Subtraction for federal bonus depreciation added back to Minnesota taxable income in 2001 (see instructions)

11 ■

12 Other subtractions (see instructions and enclose Schedule M1M)

12 ■

13 Total subtractions. Add lines 6 through 12

13

14 Minnesota taxable income. Subtract line 13 from line 5 (if zero or less, leave blank)

14

15 Tax from the table in the M1 instructions

15

16 Alternative minimum tax (enclose Schedule M1MT)

16 ■

17 Add lines 15 and 16. Full-year residents: Skip line 18 and enter this amount on line 19

17

- 18 **Part-year residents and nonresidents:** From Schedule MINR, enter the amount from line 20 on line 18a, from line 25 on line 18b, and the tax from line 28 on line 18 (*enclose schedule*)

a	b	18 ■
19 <b>Full-year residents:</b> Amount from line 17. <b>Part-year residents and nonresidents:</b> Amount from line 18		19
20 Tax on lump-sum distribution ( <i>enclose Schedule M1LS</i> )		20 ■
21 Tax before credits. Add lines 19 and 20		21
22 <b>Marriage credit for joint return when both spouses have earned income or retirement income</b> ( <i>determine from instructions</i> )		22 ■
23 Credit for long-term care insurance premiums paid ( <i>enclose Schedule M1LTI</i> )		23 ■
24 Credit for taxes paid to another state ( <i>enclose Schedule M1CR</i> )		24 ■
25 Alternative minimum tax credit ( <i>enclose Schedule M1MTC</i> )		25 ■
26 Total credits against tax. Add lines 22 through 25		26
27 Subtract line 26 from line 21 ( <i>if zero or less, leave blank</i> )		27
28 <b>Nongame Wildlife Fund contribution.</b> This will reduce your refund or increase amount owed		28 ■
29 Add lines 27 and 28		29
30 <b>Minnesota income tax withheld.</b> Complete Schedule M1W to report withholding as shown on your W-2 and 1099 forms ( <i>enclose Schedule M1W; do not send W-2s, 1099s</i> )		30 ■
31 Minnesota estimated tax and extension (Form M13) payments made for 2002		31 ■ 428
32 Child and dependent care credit ( <i>enclose Schedule M1CD</i> )		32 ■
33 Minnesota working family credit ( <i>enclose Schedule M1WFC</i> )		33 ■ 28
34 K-12 education credit ( <i>enclose Schedule M1ED</i> ). Enter number of qualifying children here:		34 ■
35 Total payments. Add lines 30 through 34		35 456
36 <b>Refund.</b> If line 35 is more than line 29, subtract line 29 from line 35 ( <i>see instructions</i> )		36 ■ 456
37 For direct deposit of the full refund on line 36, enter:		
38 <b>Amount You Owe.</b> If line 29 is more than line 35, subtract line 35 from line 29 ( <i>see instructions for options</i> )	<b>Make check out to: Minnesota Revenue and enclose Form M60</b>	38 ■
39 Penalty amount from Schedule M15 ( <i>see instructions</i> ). Also include this amount on line 36 or line 38 ( <i>enclose Schedule M15</i> )		39 ■
If You Pay Estimated Tax and you want part of your refund credited to estimated tax, enter lines 40 and 41.		
40 Amount from line 36 you want sent to you		40 ■
41 Amount from line 36 you want applied to your 2003 estimated tax		41 ■ 456

I declare that this return is correct and complete to the best of my knowledge and belief.  
Your Signature \_\_\_\_\_ Spouse's Signature (if filing jointly) \_\_\_\_\_

Paid preparer: You must sign below.

MNIA0112L 12/02/02

Daytime Phone \_\_\_\_\_

Date \_\_\_\_\_

507-440-0316

JOHNSON & DOERHOEFER, P.A.

419 E. MAIN ST.

BLOOMING PRAIRIE, MN 55917

ID: 41-1885911

TAMZENA R. JOHNSON

507/5837528

3374085

Include a copy of your 2002 federal return and schedules or federal telefile tax record when you file Form M1. Mail to: Minnesota Individual Income Tax, St Paul, MN 55145-0010

X

I authorize the Minnesota Department of Revenue to discuss this return with my preparer or the third-party designee indicated on my federal return.

X

I do not want my preparer to file my return electronically.

Minnesota • Revenue

Minnesota Working Family Credit 2002

Schedule **M1WFC**  
Sequence #8

Your Last Name

HOLLERUD

Social Security Number

468-08-1312

QUALIFYING CHILDREN

Number of qualifying children:

☒ None

☐ One

☐ Two or more

Child's name

Date of birth

Social security number

You must be eligible for the federal Earned Income Credit (EIC) to claim the Minnesota Working Family Credit. Before you complete this schedule, you must follow the steps to determine if you can take the federal earned income credit and complete the appropriate EIC Worksheet, which are found in the instructions for the federal return.

Round all amounts to nearest whole dollar

DETERMINING YOUR CREDIT AMOUNT

- 1 If you filed federal Form 1040, enter your total earned income from line 1 of EIC Worksheet A or line 6 of EIC Worksheet B. If you filed Form 1040A or Form 1040EZ, enter the amount from line 1 of your EIC Worksheet. If you telefiled your federal return, see the instructions. .... 1 1,478.
- 2 Using the amount on line 1, your filing status and the number of qualifying children, find the credit amount using the WFC Table in the M1 instruction booklet. .... 2 28.
- 3 Federal adjusted gross income (from line 35 of your Form 1040, line 21 of Form 1040A, line 4 of your Form 1040EZ or line 1 of telefile tax record) ..... 3 -40,975.
- 4 If you have:
  - no qualifying children, is line 3 less than \$6,150 (\$7,210 if married filing jointly)?
  - only one qualifying child, is line 3 less than \$16,060 (\$17,130 if married filing jointly)?
  - two or more qualifying children, is line 3 less than \$19,050 (\$20,120 if married filing jointly)?



☒ Yes. Go to line 5 below.

☐ No. Using the amount on line 3, your filing status and the number of qualifying children, find the credit amount using the WFC Table in the M1 instruction booklet. .... 4 \_\_\_\_\_
- 5 Working family credit amount
  - If you checked 'Yes' on line 4, enter the amount from line 2.
  - If you checked 'No' on line 4, enter the amount from line 2 or line 4, whichever is smaller. .... 5 28.

Full-year residents: Also enter this result on line 33 of your Form M1.
- 6 Part-year residents and nonresidents: Multiply line 5 by line 26 of your Schedule MINR. Enter the result here and on line 33 of your Form M1 ..... 6 \_\_\_\_\_
- 7 American Indians working and living on an Indian reservation: Determine from the instructions. Enter the result here and on line 33 of Form M1. .... 7 \_\_\_\_\_

You must include this schedule with your Form M1.



UNITED STATES BANKRUPTCY COURT DISTRICT OF MINNESOTA (ST. PAUL)		PROOF OF CLAIM
Name of Debtor ERIK MICHAEL HOLLERUD	Case Number 03-38294	  <div style="text-align: right; font-size: small;">THIS SPACE IS FOR COURT USE ONLY</div>
<b>NOTE:</b> This form should not be used to make a claim for an administrative expense arising after the commencement of the case. A "request" for payment of an administrative expense may be filed pursuant to 11 U.S.C. §503.		
Name of Creditor (The person or other entity to whom the debtor owes money or property): EGAN OIL COMPANY	<input type="checkbox"/> Check box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars. <input type="checkbox"/> Check box if you have never received any notices from the bankruptcy court in this case. <input type="checkbox"/> Check box if the address differs from the address on the envelope sent to you by the court.	
Name and Address where notices should be sent:  EGAN OIL COMPANY 500 INDUSTRY AVE ANOKA MN 55303-1052		
Telephone Number:		
Account or other number by which creditor identifies debtor: # 588	Check here if <input type="checkbox"/> replaces this claim <input type="checkbox"/> amends a previously filed claim, dated: 2/1/04	
<b>1. Basis for Claim</b> <input checked="" type="checkbox"/> Goods sold <input type="checkbox"/> Services performed <input type="checkbox"/> Money loaned <input type="checkbox"/> Personal injury/wrongful death <input type="checkbox"/> Taxes <input type="checkbox"/> Other		
<input type="checkbox"/> Retiree benefits as defined in 11 U.S.C. §1114(a) <input type="checkbox"/> Wages, salaries, and compensation (fill out below) Last four digits of SS #: _____ <input type="checkbox"/> Unpaid compensation for services performed from _____ to _____ (date) (date)		
<b>2. Date debt was incurred:</b> 04/04/00	<b>3. If court judgment, date obtained:</b>	
<b>4. Total Amount of Claim at Time Case Filed:</b> \$ 5499.52 (unsecured) _____ (secured) _____ (priority) 5499.52 (Total)		
If all or part of your claim is secured or entitled to priority, also complete Item 5 or 7 below. <input checked="" type="checkbox"/> Check this box if claim includes interest or other charges in addition to the principal amount of the claim. Attach itemized statement of all interest or additional charges.		
<b>5. Secured Claim.</b> <input type="checkbox"/> Check this box if your claim is secured by collateral (including a right of setoff).  Brief Description of Collateral: <input type="checkbox"/> Real Estate <input type="checkbox"/> Motor Vehicle <input type="checkbox"/> Other _____  Value of Collateral: \$ _____  Amount of arrearage and other charges at time case filed included in secured claim, if any: \$ _____	<b>7. Unsecured Priority Claim.</b> <input checked="" type="checkbox"/> Check this box if you have an unsecured priority claim  Amount entitled to priority \$ _____ Specify the priority of the claim: <input type="checkbox"/> Wages, salaries, or commissions (up to \$4,925)* earned within 90 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier - 11 U.S.C. § 507(a)(3). <input type="checkbox"/> Contributions to an employee benefit plan - 11 U.S.C. § 507(a)(4). <input type="checkbox"/> Up to \$ 2,225* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use - 11 U.S.C. § 507(a)(6). <input type="checkbox"/> Alimony, maintenance, or support owed to a spouse, former spouse, or child - 11 U.S.C. § 507(a)(7). <input type="checkbox"/> Taxes or penalties owed to governmental units - 11 U.S.C. § 507(a)(8). <input type="checkbox"/> Other - Specifically applicable paragraph of 11 U.S.C. § 507(a)( ) _____. <i>*Amounts are subject to adjustment on 4/10/07 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.</i>	
<b>6. Unsecured Nonpriority Claim \$ _____</b> <input type="checkbox"/> Check this box if: a) there is no collateral or lien securing your claim, or b) your claim exceeds the value of the property securing it, or c) none or only part of your claim is entitled to priority.		
<b>8. Credits:</b> The amount of all payments on this claim has been credited and deducted for the purpose of making this proof of claim.		
<b>9. Supporting Documents:</b> Attach copies of supporting documents, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, court judgments, mortgages, security agreements, and evidence of perfection of lien. DO NOT SEND ORIGINAL DOCUMENTS. If the documents are not available, explain. If the documents are voluminous, attach a summary.		
<b>10. Date-Stamped Copy:</b> To receive an acknowledgment of the filing of your claim, enclose a stamped, self-addressed envelope and copy of this proof of claim.		
Date 5/27/04	Sign and print the name and title, if any, of the creditor or other person authorized to file this claim (attach copy of power of attorney, if any): Egan, owner	

*Penalty for presenting fraudulent claim:* Fine of up to \$500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 and 3571.

CHAPTER 7, 11 or 12 CASES filed on or after April 1, 2004

EGAN OIL COMPANY  
500 BUNKER LAKE BLVD N.W.  
ANOKA, MN. 55303

STATEMENT DATE: 05/17/04

SALESPERSON:  
BRUCE ANDERSON

(763) 421-0410

HOLLERUDE OIL  
2001 14th Street N.E.  
Austin MN 55912

CUSTOMER NO.: 0000588

CONTACT:

DATE	REFERENCE	DESCRIPTION	CHARGE	CREDIT	BALANCE
04/04/00	0053825-IN				
04/04/00	0054144-IN			200.	200.00
04/04/00	FC133	-FC	3,615.24		3,615.24
04/04/00	FC175	-FC	51.23		51.23
04/04/00	FC199	-FC	51.23		51.23
04/04/00	FC220	-FC	51.23		51.23
04/04/00	FC250	-FC	51.23		51.23
04/04/00	FC368	-FC	51.23		51.23
04/04/00	FC40	-FC	51.23		51.23
04/04/00	FC450	-FC	51.23		51.23
04/04/00	FC49	-FC	51.23		51.23
04/04/00	FC536	-FC	171.23		171.23
04/04/00	FC571	-FC	51.23		51.23
04/04/00	FC631	-FC	51.23		51.23
04/04/00	FC71	-FC	171.23		171.23
04/04/00	FC797	-FC	51.23		51.23
04/04/00	FC823	-FC	51.23		51.23
04/04/00	FC96	-FC	51.23		51.23
05/04/00	FC291	-FC	51.23		51.23
06/03/00	FC335	-FC	51.23		51.23
07/03/00	FC408	-FC	51.23		51.23
07/03/00	FC490	-FC	51.23		51.23
07/03/00	FC752	-FC	51.23		51.23
02/22/01	0002310-IN		153.69		153.69

CONTINUED

EGAN OIL COMPANY  
500 BUNKER LAKE BLVD N.W.  
ANOKA, MN. 55303

STATEMENT DATE: 05/17/04

SALESPERSON:  
BRUCE ANDERSON

(763) 421-0410

HOLLERUDE OIL  
2001 14th Street N.E.  
Austin MN 55912

CUSTOMER NO.: 0000588

CONTACT:

DATE	REFERENCE	DESCRIPTION	CHARGE	CREDIT	BALANCE
03/07/01	0002381-IN		102.46		102.46
04/01/01	0002476-IN		51.23		51.23
05/01/01	FIN-539-IN		51.23		51.23
05/31/01	MAY0032-FC	FINANCE CHARGE	51.23		51.23
07/02/01	JUL0030-FC	FINANCE CHARGE	51.23		51.23
08/01/01	AUG0024-FC	FINANCE CHARGE	51.23		51.23
09/04/01	SEP0025-FC	FINANCE CHARGE	51.23		51.23
10/01/01	OCT0022-FC	FINANCE CHARGE	51.23		51.23
11/01/01	NOV0026-FC	FINANCE CHARGE	51.23		51.23
12/03/01	DEC0027-FC	FINANCE CHARGE	51.23		51.23
01/02/02	JAN0019-FC	FINANCE CHARGE	51.23		51.23

TOTAL: 5,499.52

CURRENT	30 DAYS	60 DAYS	90 DAYS	120 DAYS	BALANCE DUE
.00	.00	.00	.00	5,499.5	5,499.52

## EGAN OIL CO.

Mobil

INVOICE NO.

54145

500 INDUSTRY AVE. NW  
ANOKA, MN 55303  
(612) 421-0410 FAX (612) 421-2658

DATE 10-10-98	TERMS DUE: 11-10-98	MOD
DELIVERED FROM	DRIVER	TRUCK NO.
DELIVERED AT	P.O. NO.	

CUSTOMER NO.

PAGE #2 #54144

SOLD TO:

HOLLERUDE OIL CO.

PACKAGES		OFFICE CODES						SETTLEMENT	
NO.	SIZE	PRODUCTS	PRODUCT	TAX	PKG	QUANTITY	PRICE	AMOUNT	
2	12/1	MOBILUBE HD 80W90	2		1	48#	.9045	43.42	CASH 43.42
2	6/1	MOBIL #1 10W30	2		1	3	14.49	43.47	CREDIT CARD
1	105#	MOBILUBE SHC 75W90	0		1	105#	1.6675	175.08	SALES (CO-85'S)
3	30	MOBIL 5W30	3		1	90	3.81	342.90	CHECKS
1	30	MOBIL 10W30	1		1	30	3.82	114.60	ID #S
1	30	DELVAC 1330	1		1	30	3.72	111.60	
1	55	ATF MP				55	3.60	198.00	SETTLEMENT
TOTES						1	100.00	100.00	TOTAL
RECEIVED ABOVE PRODUCTS AND QUANTITIES						RESALE			
SALES TAX @ %									
DRUM DEPOSIT CHARGES						30'S	9	20.00	180.00
DRUM DEPOSIT CREDITS						55'S	15	20.00	100.00
PLEASE PAY FROM INVOICE						INVOICE NO.		461367	

ORIGINAL

4635.39  
1020.16 / 3

## EGAN OIL CO.

Mobil

INVOICE NO.

54144

500 INDUSTRY AVE. NW  
ANOKA, MN 55303  
(612) 421-0410 FAX (612) 421-2658

DATE 10-10-98	TERMS DUE: 11-10-98	MOD
DELIVERED FROM	DRIVER	TRUCK NO.
DELIVERED AT	P.O. NO.	

CUSTOMER NO.

SOLD TO:

HOLLERUD OIL CO.

AUSTIN, MN

PACKAGES		OFFICE CODES						SETTLEMENT	
NO.	SIZE	PRODUCTS	PRODUCT	TAX	PKG	QUANTITY	PRICE	AMOUNT	
10	5	MOBILFLUID 424	10		1	50	4.75	237.50	CASH
4	30	MOBILFLUID 424	4		1	120	3.75	450.00	CREDIT CARD
3	55	MOBILFLUID 424	3		1	165	3.75	618.75	SALES (CO-85'S)
3	5	DTE 24	3		1	15	4.12	61.80	CHECKS
1	55	DTE 26	1		1	55	3.12	171.60	ID #S
2	55	DELVAC #1	2		1	110	13.00	1430.00	SETTLEMENT
BULK(500)		DELVAC 1300 SUPER 15W40	520 gallons			520	3.41	1773.20	TOTAL
1	5	DTE LIGHT	1			5	4.27	21.35	
2	2-2 1/2	MOBILFLUID 424	2			10	4.55	45.50	
1	12/1	MOBILUBE HD 85W140	1			24#	.9045	21.70	
RECEIVED ABOVE PRODUCTS AND QUANTITIES						RESALE			
SALES TAX @ %									
DRUM DEPOSIT CHARGES									
DRUM DEPOSIT CREDITS									
PLEASE PAY FROM INVOICE						INVOICE NO.		461367	

ORIGINAL



U. S. BANKRUPTCY COURT  
DISTRICT OF MINNESOTA (ST. PAUL)

Bankruptcy Petition #: 03-38294

Date Filed: 12/10/03  
Assigned to: Judge Dennis D. O'Brien  
Chapter 7 voluntary individual no asset

**COMPLAINT OBJECTING TO DISCHARGE  
OF THE DEBTOR OR TO DETERMINE THE  
DISCHARGEABILITY OF CERTAIN DEBTS**

*\*Attorneys\**

---

ERIK MICHAEL HOLLERUD  
d/b/a  
HOLLERUD OIL COMPANY  
707 6<sup>th</sup> STREET N.W.  
AUSTIN MN 55912  
*\*Debtor\**

MARK C. HALVERSON  
*HALVERSON & ASSOCIATES*  
P. O. BOX 3544  
MANKATO MN 56002-3544  
(507) 345-1535

---

U.S. TRUSTEE  
1015 U.S. COURTHOUSE  
300 SOUTH 4<sup>th</sup> STREET  
MINNEAPOLIS MN 55415  
*\*U.S. Trustee\**

MICHAEL S. DIETZ  
505 MARQUETTE BUILDING  
P. O. BOX 549  
ROCHESTER MN 55903  
*\*Trustee\**

BRADLEY NEWMAN  
60496 - 160<sup>th</sup> STREET  
ROSE CREEK MN 55970  
*\*Creditor and Complainant\**

---

EXHIBIT "E"

*Complaint Objecting to Discharge of the Debtor or to Determine the Dischargeability of Certain Debts*

*Debtor: Erik Michael Hollerud d/b/a Hollerud Oil Company  
Bankruptcy Petition #03-38294*

As and for his Complaint objecting to the discharge of the Debtor, or to determine the dischargeability of certain debts, Bradley Newman states and alleges as follows:

1. That the Debtor(s), Erik Michael Hollerud, and Hollerud Oil Company has listed him as a creditor.

2. That Erik Hollerud and Hollerud Oil Company are seeking to have their debts due and owing to Bradley Newman discharged in the Bankruptcy Petition.

3. That Bradley Newman is listed on Schedule F of the Creditors Holding Unsecured Non-priority Claims, as having a claim in the amount of \$100,000.00.

4. That, in fact, the amount due and owing to Bradley Newman is \$101,500.00, plus interest accruing on the judgment since October 8, 2003. A copy of that Judgment is attached to this Complaint.

5. That the debt arose out of an agreement by Erik Hollerud and Hollerud Oil Company to purchase a gas station which I owned in Rose Creek, Minnesota.

6. At the time Erik Hollerud and Hollerud Oil Company agreed to purchase the building, Erik Hollerud was partners in Hollerud Oil Company with Wallace Bustad.

7. The terms of the agreement between Erik Hollerud and Wallace Bustad provided that Erik Hollerud could not enter into any contracts for the purchase of any property without the consent of Wallace Bustad.

8. At the time Erik Hollerud agreed to purchase the property from me, he

*Complaint Objecting to Discharge of the Debtor or to Determine the Dischargeability of Certain Debts*

*Debtor: Erik Michael Hollerud d/b/a Hollerud Oil Company  
Bankruptcy Petition #03-38294*

represented that he would be able to pay for the gas station. Based upon his representations, I agreed to sell the property to him.

9. Erik Hollerud and I went to the bank to secure financing for purchase of the gas station. Financing arrangements were made. At that time, Erik Hollerud did not reveal that he had an agreement with Wallace Bustad preventing him from doing this.

10. Erik Hollerud then took possession of the gas station and began major demolition and construction on the property.

11. At no time did Erik Hollerud inform me that he could not purchase the gas station because it violated his contract with Wallace Bustad. At no time did he inform me that he could not obtain financing because it was in violation of his agreement. At all times he represented to me that he could purchase the building. I relied on his representations in allowing him to proceed forward in occupying, running, and reconstructing the building.

12. Had Erik Hollerud told me the truth, I would not have let him operate the business. I would not have suffered any damages.

13. Erik Hollerud intentionally did not tell me the nature of his agreement with Wallace Bustad. He intentionally misrepresented the truth. He intentionally committed a fraud against me and Wallace Bustad. He essentially admitted this at the Meeting of Creditors. (I have attached a copy of the transcript from that hearing.)

14. Based upon information and belief, when Wallace Bustad found out that Erik



*Complaint Objecting to Discharge of the Debtor or to Determine the Dischargeability of Certain Debts*

*Debtor: Erik Michael Hollerud d/b/a Hollerud Oil Company  
Bankruptcy Petition #03-38294*

Hollerud was trying to purchase the gas station, he contacted the bank and Erik Hollerud.

As a result, Erik Hollerud was not able to obtain financing.

15. Once he was unable to obtain financing, Erik Hollerud abandoned the gas station and left it in my hands.

16. I was unable to run the gas station as a gas station because of the amount of money it would have taken to restore the gas station. I was unable to resume my former business, repairing cars in the gas station, because I had already moved my business to my home. I was almost financially ruined – all because Erik Hollerud intentionally covered up the truth.

17. I then sued Erik Hollerud, alleging the facts as stated above. Erik Hollerud continued to deny his responsibility and claimed that I owed him \$21,000.00.

18. I obtained a judgment against Erik Hollerud and Hollerud Oil Company for \$101,500.00, as detailed in the attached Findings of Fact, Conclusions of Law, Order for Default Judgment, and Default Judgment.

19. Shortly after I got my judgment against him, Erik Hollerud filed for bankruptcy. It is my firm conviction that Erik Hollerud intentionally waited until I obtained my judgment against him before he filed for bankruptcy.

20. I believe that it was Mr. Hollerud's intention from the beginning to defraud me. Once he was caught, I believe that Mr. Hollerud attempted to get out of the fraud by filing bankruptcy.

*Complaint Objecting to Discharge of the Debtor or to Determine the Dischargeability of Certain Debts*

*Debtor: Erik Michael Hollerud d/b/a Hollerud Oil Company  
Bankruptcy Petition #03-38294*

21. Erik Hollerud's actions have caused me great financial hardship. Other than my house, the gas station was my only asset of any substantial value. As a result of Erik Hollerud's actions, I have had to refinance my house because the gas station's debt was secured with my house. The debts which I had against the gas station, which Erik Hollerud agreed to pay, were substantially greater than the value of the gas station once it was abandoned by Erik Hollerud. The gas station almost went into foreclosure and was sold at a substantial loss.

22. Prior to Erik Hollerud filing for bankruptcy, he lived a very affluent life style. He had multiple snowmobiles, ATV's, motorcycles, new trucks, and other property which he purchased. I don't know where this property is now, but he should have a lot more property, considering how much he took from me and Mr. Bustad.

**REQUESTED RELIEF:**

1. I am asking the court to deny Erik Hollerud's request that he be able to discharge his debt against me. He knew when he bought the property from me that he would not be able to pay me. He intentionally failed to disclose this to me. He tried to, and did, cheat me.

2. I am asking the court to deny Erik Hollerud's request to be granted a bankruptcy discharge. It is my personal belief, based upon what Erik Hollerud did to me and Wallace Bustad, that it was Erik Hollerud's intent to run up his bills as high as possible, and live as well as possible, until such time as he was forced to begin repayment


*Complaint Objecting to Discharge of the Debtor or to Determine the Dischargeability of  
Certain Debts*

*Debtor: Erik Michael Hollerud d/b/a Hollerud Oil Company  
Bankruptcy Petition #03-38294*


of his debts. Then, he intended to file bankruptcy to discharge these debts. That is not my understanding of why a person is entitled to be relieved of his debts. He should not be entitled to a fresh start if he is deceiving people, covering up the truth, and cheating people out of money.

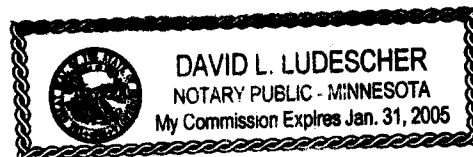
3. I am asking for such other and further relief as the court deems proper, fair, and equitable.

Under the penalties of perjury, I swear that the above statement is true and correct to the best of my knowledge and information.

  
Bradley Newman

Subscribed and sworn to before me this  
17 day of March, 2004.

  
Notary Public



# COPY

David L. Ludescher  
Attorney at Law  
515 S. Water Street  
Northfield, MN 55057

STATE OF MINNESOTA  
COUNTY OF MOWER

Erik Hollerud  
C/O Arthur Hollerud  
18189 US Hwy 218  
Austin, MN 55912

NOTICE OF:

- ☒ Filing of Order
- ☒ Entry of Judgment
- ☐ Docketing of Judgment

File: C0-02-857

**In Re: Bradley John Newman**  
vs.  
**Erik M. Hollerud, and**  
**Hollerud Oil Co.**

- ☒ YOU ARE HEREBY NOTIFIED THAT ON, AUGUST 29, 2003 AN ORDER WAS DULY FILED IN THE ABOVE ENTITLED MATTER.
- ☒ YOU ARE HEREBY NOTIFIED THAT ON OCTOBER 8, 2003, A JUDGMENT WAS DULY ENTERED IN THE ABOVE ENTITLED MATTER.
- ☒ YOU ARE HEREBY NOTIFIED THAT ON OCTOBER 8, 2003, A JUDGMENT WAS DULY ENTERED IN THE ABOVE ENTITLED MATTER IN THE AMOUNT OF \$101,500.00.

A true and correct copy of this Notice has been served by mail upon the parties above named herein and at the last known address of each, pursuant to Minnesota Rules of Civil Procedure, Rule 77.04.

Dated: October 8, 2003

PATRICIA A. BALL  
Court Administrator

By: Mindy L. Bush  
Mindy L. Bush

RECEIVED OCT 10 2003

ORIGINAL

David L. Ludescher  
Attorney at Law  
515 S. Water Street  
Northfield MN 55057

Erick Hollerud  
c/o Arthur Hollerud  
18189 US Hwy 218  
Austin MN 55912

STATE OF MINNESOTA

COUNTY OF MOWER

NOTICE OF:

XXX Filing of Order

Entry of Judgment

Docketing of Judgment

File No: C0-02-857

IN RE: Bradley John Newman vs. Erick M. Hollerud and Hollerud Oil Company

XXX YOU ARE HEREBY NOTIFIED THAT ON September 4, 2003, AN ORDER WAS DULY FILED IN THE ABOVE MATTER.

YOU ARE HEREBY NOTIFIED THAT ON , A JUDGMENT WAS DULY ENTERED IN THE ABOVE ENTITLED MATTER.

YOU ARE HEREBY NOTIFIED THAT ON , A JUDGMENT WAS DULY DOCKETED IN THE ABOVE ENTITLED MATTER IN THE AMOUNT OF \$.

A true and correct copy of this Notice has been served by mail upon the parties named herein at the last known address of each, pursuant to Minnesota Rules of Civil Procedure, Rule 77.04.

Dated: Sept. 8, 2003

PATRICIA A. BALL  
Court Administrator

By: Mindy L. Bush  
Mindy Bush  
Deputy Court Administrator

STATE OF MINNESOTA

COUNTY OF MOWER

DISTRICT COURT  
CIVIL DIVISION  
THIRD JUDICIAL DISTRICT  
Case Type: Contract

Bradley John Newman,

Plaintiff,

vs.

Erik M. Hollerud, and  
Hollerud Oil Co.,

Defendants.

**FINDINGS OF FACT,  
CONCLUSIONS OF LAW,  
ORDER FOR DEFAULT JUDGMENT  
AND DEFAULT JUDGMENT**

Court File No. C0-02-857

The above-entitled matter came on before the court on June 2, 2003, at 8:30 a.m., at the Mower County Courthouse, 201 First Street N.E., Austin, Minnesota 55912, before the Honorable Fred W. Wellmann, Judge of District Court.

The matter was before the court on order of the court dated May 19, 2003. That Order directed that pre-trial and dispositive motions be heard on June 2, 2003, at 8:30 a.m. Prior to the hearing, Plaintiff filed Motions requesting, among other relief, default judgment against Defendants in the amount of \$113,000.00.

Plaintiff appeared in person and with counsel, David L. Ludescher; Defendant Erik M. Hollerud did not appear; Defendant Hollerud Oil Company did not appear; neither Defendant was represented by counsel.

Based upon Plaintiff's Motion for Default Judgment and other relief, having considered all the evidence, including all the files and records in this matter, the court makes the following:

### **FINDINGS OF FACT**

1. This matter was set for a Settlement and Pre-trial Conference on May 14, 2003. At that hearing, Plaintiff appeared with counsel, David L. Ludescher. Neither Erik M. Hollerud nor Hollerud Oil Company appeared in person. Approximately one week before the scheduled court date, Defendants' attorney had presented a letter to the court advising the court that counsel was no longer representing either Defendant.

2. As a result of the May 14, 2003, hearing, the court issued an Order dated May 19, 2003, requiring that attorney Bryan J. Baudler provide to the court and Mr. Ludescher, within 10 days of the Order, the last known address of Erik Hollerud and Hollerud Oil Company. The court further ordered that the matter be tried on June 3, 2003, at 9:00 a.m., at the Mower County Courthouse, Austin, Minnesota. Lastly, the court provided that pre-trial or dispositive motions would be heard on June 2, 2003, at 8:30 a.m., at the Mower County Courthouse, Austin, Minnesota.

3. Attorney Bryan J. Baudler provided to the court and Mr. Ludescher the last known addresses of Erik Hollerud and Hollerud Oil Company, and was allowed to withdraw as Defendants' attorney.

4. Plaintiff served Erik Hollerud and Hollerud Oil Company with motions for discovery, Motion for Default Judgment, and Motion for Summary Judgment against Defendants on or about May 23, 2003.

5. On June 2, 2003, which was the date of the originally scheduled trial in this case, the court heard the pre-trial and dispositive motions of Plaintiff. There was no

appearance at this hearing either by Defendants or counsel for Defendants.

6. At the June 2, 2003, hearing, Plaintiff submitted a Motion on discovery, requesting that the court find that Plaintiff's Request for Admissions be deemed admitted because Defendants had failed to deny within the time period set forth in the Rules of Civil Procedure. These admissions, in their entirety, are as follows:

- “1. That on or about March 30, 2001, Defendant, Erik Hollerud, entered into an agreement, as set forth on the attached Exhibit A entitled “Lease Agreement”.
2. That Defendant's Answer and Counterclaim admits that Defendant, Hollerud Oil Company, entered into this Agreement.
3. That Erik Hollerud agreed to pay \$412.00 per month to Sterling Bank and \$588.00 per month to Rose Creek State Bank.
4. That Erik Hollerud was aware that the loans to be paid were Plaintiff's loans.
5. That prior to March 30, 2001, Defendant, Erik Hollerud, attended a meeting with Brian Wolff, of Farmers State Bank in Rose Creek, Minnesota, for the purpose of discussing how the purchase of the property would be financed.
6. At this meeting was Plaintiff, Defendant's father, Art Hollerud, and Bonnie Olsen.
7. That Defendant secured financing through Wells Fargo in Austin, Minnesota, for the purposes of purchasing the business.
8. That Art Hollerud drew up the document entitled “Lease Agreement”.
9. That Art Hollerud previously had an interest in Hollerud Oil.
10. That Art Hollerud sold his interest in Hollerud Oil to Wallace Bustad.



11. That the Agreement between Wallace Bustad and Erik Hollerud provided that Erik Hollerud could not make any major expenditures without the consent of Wallace Bustad.
12. That Attached hereto as Exhibit B is a true and correct copy of that Agreement.
13. That one of the purposes of the Lease Agreement was to give Erik Hollerud time to secure financing of \$33,197.24 to the Sterling Bank and \$60,399.00 to pay off the Rose Creek Bank.
14. That Erik Hollerud agreed to purchase the property if he could obtain financing.
15. That on or about March 30, 2001, when Erik Hollerud signed the document entitled "Lease agreement", Erik Hollerud was aware of the agreement with Wally Bustad.
16. That Erik Hollerud has defaulted on the agreement with Wally Bustad.
17. That Erik Hollerud has been sued by Wally Bustad for a breach in the contract provisions.
18. That there is a judgment entered in the amount of \$123,794.24 against Erik Hollerud and in favor of Wally Bustad in the County of Mower.
19. That Erik Hollerud agreed to purchase the property known as Route 56 if financing was available.
20. That the agreed purchase price for the financing would be equal to \$33,197.24, plus \$60,399.00, plus any accounts receivable from Bradley Newman.
21. That the total purchase price of \$125,000.00.

22. That the sale was never completed.
23. Prior to May 31, 2001, Erik Hollerud began construction on the property.
24. That the construction was done for the purposes of altering the building.
25. That the construction was done for the purpose of Mr. Hollerud operating a continuing business.
26. That Erik Hollerud vacated the property on or about June 1, 2001.
27. That Erik Hollerud operated the business as an ongoing business concern.
28. That Plaintiffs resumed operation of the gas station after Defendant vacated the property.
29. That the building was not returned in the same condition or repair as when it was originally leased.
30. That Erik Hollerud did not receive permission from Plaintiff to begin construction on the building.
31. That Defendants undertook the remodeling of the building at their own risk and expense.
32. There was no agreement for Plaintiffs to pay any remodeling costs to Defendants.
33. That Defendant should be responsible to Plaintiff to restore the property to its original condition.
34. That the approximate cost to restore the property to its original condition was in excess of \$40,000.00.
35. That Defendants used and sold inventory that was in the store during the lease term.
36. That Defendants did not purchase or pay for the inventory which was sold.

37. That Defendants retained the profit from the inventory sold while the business was being run.

38. That Defendants incurred bills and expenses in the name of the service station during the time it was operated by Defendants.

39. That Defendants did not pay the bills incurred during their lease term."

6. Plaintiff's original Motion asked for judgment against Defendants in the amount \$113,000.00.

7. At the June 2, 2003, hearing, Plaintiff advised the court that Plaintiff was seeking a judgment in the amount of \$101,500.00, rather than \$113,000.00 because Defendants had a valid counter claim for \$11,000.00. Said amount was calculated as follows:

Original agreed purchase price	\$125,000.00
Less sale proceeds after default	<u>52,500.00</u>
Plaintiff's loss of equity	\$72,500.00
 Repair and remodeling costs incurred by Plaintiff	 <u>40,000.00</u>
Total loss incurred by Plaintiff	\$112,500.00
 Less amount owed by Plaintiff to Defendant for fuel	 <u>11,000.00</u>
Total Judgment Amount	\$101,500.00

8. Neither Erik M. Hollerud nor Hollerud Oil Company has responded to the June 2, 2003, Motion, nor has either Defendant presented any reason why default judgment should not be entered against them in the amount of \$101,500.00.

Based upon the above Findings of Fact the court makes the following:

### **CONCLUSIONS OF LAW**

1. Default judgment is proper when a party has failed to plead, respond, or otherwise defend in an action. **Rule 55.01, Minnesota Rules of Civil Procedure.**

Neither Defendant nor Defendants' counsel appeared for the Settlement Conference on May 14, 2003. The court then issued an Order requiring the parties to appear for pre-trial and dispositive motions on June 2, 2003, which was the date originally set for the trial. The court rescheduled the June 2, 2003, trial date to June 3, 2003, in the event Defendants did appear and defend. Both Defendants have failed to defend this action by failing to respond to the court's order to appear and Plaintiff's motion for default judgment. Plaintiff's motion requested \$113,000.00 should Defendants fail to appear or otherwise defend.

2. Plaintiff served discovery requests, including Request for Admissions. If a party fails to respond to a request for admissions, such admissions are deemed admitted. **Rule 36, Minnesota Rules of Civil Procedure.** By failing to respond to the Request for Admissions, Defendants admitted Plaintiff's case and Plaintiff's request for \$113,000.00. (The amount was adjusted because of Plaintiff's admission of a valid counter claim.)

3. Default judgment against Defendants Erik M. Hollerud and Hollerud Oil Company in the amount of \$101,500.00 is proper. Defendants have not provided the court with any reason to believe that default judgment should not be granted, or any reason to believe that the amount of \$101,500.00 is incorrect.

Based upon the above Findings of Fact and Conclusions of Law the court makes the

following:

**ORDER**

Bradley John Newman shall be granted judgment against Erik M. Hollerud and Hollerud Oil Company in the amount of \$101,500.00.

**IT IS SO ORDERED. LET JUDGMENT BE ENTERED ACCORDINGLY.**

Date:

August 26, 2003

FILED  
IN THE OFFICE OF THE COURT  
ADMINISTRATOR, MOVER COUNTY DIST

AUG 29 2003

Patricia A. Hall: Adm

Fred W. Wellman

Hon. Fred W. Wellman  
Judge of District Court

**JUDGMENT**

I hereby certify that Judgment in the amount of \$101,500.00 shall be entered in favor of Bradley John Newman and against Erik M. Hollerud and Hollerud Oil Company.

Date:

October 8, 2003

Hindley L. Bush

Mower County Court Administrator  
or Deputy

3-30-01

## Lease Agreement

I Brad Newman of Rose Creek Heraby  
Agree To lease To Erik M. Hollerd The  
Property Known as Route 56 For a Period of  
60 days Beginning Saturday March 31, 2001 until  
May 31<sup>st</sup> 2001.

Erik Hollerd agrees to pay on April 30<sup>th</sup> 2001  
\$412 To Sterling Bank And \$588<sup>00</sup> To Rose Creek  
State Bank on Brads Loans. And \$588<sup>00</sup> May 31<sup>st</sup>  
2001 And \$412 To Respective Banks.

Erik Hollerd is Responsible for All utilities And operating  
Expense From April 1, 2001 To May 31<sup>st</sup> 2001

This lease is Give Erik Hollerd Time to secure  
Financing of 33,197.<sup>24</sup> And 60,399.<sup>00</sup> To pay of  
Brads Present Debt. And Purchase said Property.

Brad agrees to maintain liability insurance And  
whatever insurance He presently, has For 60 days.

Brad Newman  
Erik Hollerd



# Hollerud Oil Company

P.O. Box 553  
Austin, Minnesota 55912  
Phone 437-2004

FARM &  
HOME  
SERVICE

October 1, 1999

This is the agreement of Wallace Bustad to buy one half interest in Hollerud Oil Company.

WALLACE BUSTAD hereby agrees to purchase one half interest in Hollerud Oil Company, located at 2001 14th St. N.E., Austin, MN. Payable as follows: \$90,000.00 paid October 1, 1999 and the balance of \$75,000.00 Payable on January 3, 2000. One half interest includes the following:

- $\frac{1}{2}$  of money in checking account as of Oct. 1, 1999
- $\frac{1}{2}$  of the accounts receivable as of Oct. 1, 1999
- $\frac{1}{2}$  of 1994 LN 8000 with 2000 gal Brownie Tank
- $\frac{1}{2}$  of 1978 LT9000 Ford diesel 9 speed with 4500 gal tank
- $\frac{1}{2}$  of 1985 LN 8000 Ford with 2000 gal tank
- $\frac{1}{2}$  of 1988 Kenworth tractor f600A
- $\frac{1}{2}$  of 1979 Polar 9050 gal ML 306 Tanker
- $\frac{1}{2}$  of all office equipment
- $\frac{1}{2}$  of all the fuel tanks set at customers property
- $\frac{1}{2}$  of the equity in lot 4 Blk 1 Austin industrial park
- $\frac{1}{2}$  of the debt still owed to Dale Bellrichard on the above listed property
- $\frac{1}{2}$  of debt still owed on the 1988 kenworth tractor
- $\frac{1}{2}$  of the debt still owed on the 1979 Polar tank
- $\frac{1}{2}$  of the debt still owed on the 1978 LT 9000 Ford diesel

WALLACE BUSTAD owns half interest with ERIK HOLLERUD. All future liabilities and profits are owned 50/50 between Wallace Bustad and Erik Hollerud. Neither party will make any major expenditures without the consent of the other. Erik Hollerud will be responsible for the day to day operations, all hiring, all firing and general managing of the company.

Wallace Bustad and Erik Hollerud acknowledge that Arthur and Sharon Hollerud have NO ownership in Hollerud Oil Company.

WALLACE BUSTAD

ERIK HOLLERUD

*Wallace Bustad*

*Erik Hollerud*

Promissory Note, a copy of which is hereto attached as Exhibit "A".

3. Contemporaneously with the execution of this Agreement, Assignor shall execute and deliver to Assignee a Bill of Sale, a copy of which is hereto attached as Exhibit "B".
4. Assignor shall be relieved of any past or future liability for partnership debts, and shall be entitled to no further share of the partnership profits or assets.
5. Assignee shall be entitled to all of the partnership profits or any distribution of assets, and shall assume liability for all partnership debts and future partnership losses.
6. In further consideration for Assignee's promises herein contained, Assignor agrees to purchase from Assignee gas and diesel fuel needed for Assignor's business enterprises (now existing or hereafter created) until such time as Assignee has retired the existing indebtedness of Hollerud Oil Company to Wells Fargo Bank, and until Assignee has paid off the foregoing obligation to Assignor. For all products hauled to Assignor off a transport, Assignor shall pay to Hollerud Oil Company (or its successors or assigns) 2.5 cents per gallon above rack price plus inspection fee, state and federal taxes. For all products delivered by bulk truck to bulk storage tanks owned by Assignor or his business enterprises, Assignor shall pay to Hollerud Oil Company 5 cents per gallon over rack price, plus inspection fee, state and federal taxes. Assignor will immediately upgrade to a 2,000 gallon truck fuel tank, so that Assignee's deliveries of truck fuel to Assignor can be profitable. For any product delivered by Hollerud Oil Company to sites off of Assignor's general business office site, Assignor shall pay to Hollerud Oil Company the normal contractor's price charged by Hollerud Oil Company to all contractors at the time of each such delivery. Assignor's obligation to buy grease and oil from Assignee will be negotiable.
7. Assignor hereby acknowledges and agrees that he is indebted to Hollerud Oil Company in the amount of \$7,132.64 for fuel previously purchased from Hollerud Oil Company. Assignor agrees to pay such account by delivering to Assignee a check payable to Hollerud Oil Company in the amount of \$7,132.64 contemporaneously with the payment to Assignor of the \$25,000.00 payment referred to in paragraph 1 above.
8. As further consideration for the promises herein contained, both parties do hereby release the other from any and all other claims, demands, actions or causes of



action which they might otherwise have against each other, whether arising out of their business relationship through Hollerud Oil Company, or otherwise.

IN WITNESS WHEREOF, the parties have executed this Agreement at Austin, Minnesota the day and year first above written.

Wallace Bustad  
Wallace Bustad, Assignor

Erik M. Hollerud  
Erik M. Hollerud, Assignee

August 8, 2003  
Shari K. Far  
Administrative Assistant



Hollared Ck

Real Estate - Bulko Plant - (10,000<sup>00</sup> Financing) Business 150,000<sup>00</sup>4500 gal. Bulko Truck 35,000<sup>00</sup>1994 - White 2000 gal Bulko Truck 30,000<sup>00</sup>Red Bulko Truck 10,000<sup>00</sup>F250 '95 Pickup with Tommy left 8,000<sup>00</sup>Accounts Receivable as of July 31-1999 64,682<sup>00</sup>Tanks we have out to Customers 10,000<sup>00</sup>Inventory on Hand (Paid for as of 9/30/99) 36,695<sup>00</sup>Office Equipment (copiers was 1000<sup>00</sup>) 2,000<sup>00</sup>346,377<sup>00</sup>Company has liabilities of 20,086<sup>00</sup>  
monthly Payments (Transport Tractor + Trucks)Bellisland Contract (8-1-99) 72,529<sup>00</sup>

8 1/2% @ 2044.52 per month (Last Payment Jan 2003)

(Original Note was \$165,000<sup>00</sup>)Thomson Pte. Paid 24,000<sup>00</sup>10-5-99 Paid \$25,000<sup>00</sup> & 15,000<sup>00</sup> - 90,000<sup>00</sup>2-8-00 Paid 25,000<sup>00</sup> 75,000<sup>00</sup>

165,000 - 1/2 Partnership

**ASSIGNMENT OF PARTNERSHIP INTEREST**

AGREEMENT made on August , 2001, between Wallace Bustad of Austin, Minnesota, referred to as Assignor, and Erik M. Hollerud of Austin, Minnesota, referred to as Assignee.

**RECITALS**

(a) Assignor and Assignee are partners in a firm known as Hollerud Oil Company.

(b) Assignor desires to assign Assignor's interest in the partnership for a consideration.

(c) Assignee desires to obtain the interest for consideration.

In consideration of the mutual covenants contained in this Agreement, the parties agree as follows:

1. Assignor assigns all of Assignor's right, title, and interests in the partnership, being a fifty percent (50%) share of the business, to Assignee for One Hundred Eighty-Three Thousand and no/100ths Dollars, (\$183,000.00), payable as follows:

\$25,000.00 upon the execution of this Agreement and upon the execution of the Promissory Note and Bill of Sale herein referred to, all of which shall be executed simultaneously; the balance of \$158,000.00 shall be payable in monthly installments of \$700.00 per month, payable on the first day of each month, the first such monthly payment to be payable on August 1, 2001; such monthly payments shall continue through July 1, 2006, resulting in total monthly payments in the amount of \$42,000.00. The balance of \$116,000.00 shall be payable in a lump sum payment in that amount on or before August 1, 2006. No interest shall accrue upon the foregoing deferred balances. Assignee may prepay all or any portion of the deferred balances at any time, without penalty.

2. Contemporaneously with the execution of this Agreement, Assignee shall execute and deliver to Assignor a

## EXHIBIT "A"

Office of County Recorder  
Mower County Minn.

- 7 Above ground storage tanks
  - 1 20,284 gallons
  - 2 17,331 gallons
  - 1 17,750 gallons
  - 1 13,009 gallons
  - 1 7,880 gallons
  - 1 14,276 gallons
- 1 steel loading dock with roof
- 2 5 h.p. electric motors with pumps
- 1 3 h.p. electric motors with pumps
- 1 2 h.p. electric motors with pumps
- 1 1985 LN8000 Ford with Cat 3208 engine 183,000 miles  
VIN 1FDPR80UGFVA26020
- 1 1972 Brownie tank (2,000 gallons) with dual pumps and meter
- 1 1972 Brownie tank (2,000 gallons) with dual pumps and meters
- 3 Office desks
- 1 Refrigerator
- 1 Sharp QS1660 adding machine
- 1 4-drawer filing cabinet
- 1 Sentry safe
- 1 15" x 4.5' 3-door storage cabinet
- 1 3' x 5' 4-shelf steel shelf
- 1 Paymaster check machine
- 10 Fire extinguishers
- 2 Office swivel chairs
- 1 Customer counter 4' x 16'2"
- 2 Telephones
- 2 GE Executive II FM base radios with fiber glass antennas
- 3 GE mobile united (FM radios) in trucks
- 1 1 h.p. pressure washer with 50' hose and nozzle
- 1 3' x 6' work bench
- 1 5" vice
- 1 1/2 h.p. grinder
- 1 Assorted bolts and bins (40 bins)
- 1 23-drawer storage bin
- 1 John Deere 210 tractor with weight box and chains and 38" snow blower and 48" mower
- 1 Amoco sign 5' x 6' with 11' stand
- 1 20" x 10'6" 3-shelf wood storage
- 4 Pipe wrenches
- 2 Log chains
- 1 Floor jack
- 1 560 gallon diesel tank with electric pump

 ENTERED

UNITED STATES BANKRUPTCY COURT  
District of Minnesota  
OLMSTED COUNTY GOVERNMENT CENTER  
01/23/04

341 MEETINGS: Chapter 7

Judge: Dennis D. O'Brien

DATE  
FILED

TRUSTEE: MICHAEL S. DIETZ

1:00

03-38294    ERIK MICHAEL HOLLERUD    MARK C. HALVERSON    12/10/03

Remain standing and raise your right hand. Do you swear the testimony you are about to give and the five dollars consideration will be the truth, and nothing but the truth, so help you God?

**Judge:** Are there any creditors present who have an interest in this matter?

A: Y

Q:

A:

**Judge:** Sir, uh, would you like to ask questions during the hearing?

**Newman:** Yes.

**Judge:** Okay, why don't you come on up and have a seat right here and here. And would you please state your names for the record.

**Newman:** Um.

**Bustad:** Go ahead.

**Newman:** Brad Newman.

**Judge:** Brad Newman. And you, sir?

**Bustad:** Wally Bustad.

**Judge:** Please have a seat. Mr. Hollerud have you received a copy of the U.S. Trustee's Information Statement?

**Hollerud:** Yes.

**Judge:** Did you sign the bankruptcy papers filed in this case?

**Hollerud:** Yes.

**Judge:** To the best of your knowledge is that information all true and correct?

**Hollerud:** Yes.

**Judge:** Have you listed all of your assets?

**Hollerud:** Yes.

**Judge:** Have you listed all of your creditors?

**Hollerud:** Yes.

**Judge:** Have you ever filed a bankruptcy before?

**Hollerud:** No.

**Judge:** During the last six years have you transferred or given away any money or property to a friend or family member?

**Hollerud:** Money or property?

**Halverson:** Yeah.

**Hollerud:** Yeah.

**Judge:** Okay, what was that?

**Hollerud:** A motorcycle?

**Judge:** Who'd you give that to?

**Hollerud:** Sue Adams.

**Judge:** Is she related to you?

**Hollerud:** No.

**Judge:** Okay, you just, you gave it away?

**Hollerud:** Yeah, I gave it to her.

**Judge:** Okay, when did you do that?

**Hollerud:** 2001.

**Judge:** And how much was that worth when you gave it to her?

**Hollerud:** Eight thousand.

**Judge:** And what was the make and model of that?

**Hollerud:** Uh, it was a Sportster. Harley Davidson Sportster.

**Judge:** Harley Sportster. What year was that?

**Hollerud:** 2002.

**Judge:** And she didn't

**female:** Transferred it in 2001?

**Hollerud:** I don't know if she transferred it in 2001 or right after. It was in December of 2001.

**Judge:** Okay. So in December of 2001 you transferred the

**Hollerud:** I didn't transfer it, she did.

**Judge:** She transferred it to?

**Hollerud:** I gave it to her so she took the title and she transferred it.

**Judge:** Okay.

**Halverson:** He gave her the motorcycle, but she actually transferred the title the paper work I think is what he means.

**Judge:** Okay.

**Hollerud:** Yeah.

**Judge:** Was the title ever in your name?

**Hollerud:** Yeah.

**Judge:** So when you transferred the motorcycle to her, did you sign the title and put it into her name?

**Hollerud:** Yeah.

**Judge:** Okay. And at that point she didn't owe you any money for it?

**Hollerud:** No.

**Judge:** And she didn't pay you any money for it?

**Hollerud:** No.

**Judge:** And then she subsequently transferred it to somebody else, apparently. Is that right?

**Hollerud:** No.

**Judge:** No. So the title still title and she's still got it?

**Hollerud:** Yeah.

**Judge:** As far as you know?

**Hollerud:** Yeah.

**Halverson:** Uh, I believe that was your girlfriend at the time?

**Hollerud:** Yeah.



**Halverson:** And he transferred it to her.

**Judge:** Okay, is she still your girlfriend?

**Hollerud:** Yeah.

**Halverson:** She won't like you.

**Judge:** Hee, Hee, She's gonna be a little bit irritated. But, um

**Hollerud:** It's probably only worth about eight hundred dollars now, anyway.

**Judge:** Those things did appreciate at one time. Uh, other than that, have you transferred or given away any money or property to a friend or family member.

**Hollerud:** Nope.

**Judge:** Have you given Ms. Adams any other property?

**Hollerud:** No.

**Judge:** Have you paid any of her bills?

**Hollerud:** Nope.

**Judge:** Okay, in the last two years, have you ever had more than five hundred dollars of cash currency in your possession at any one time?

**Hollerud:** In the last two years?

**Judge:** Right.

**Hollerud:** Yeah.

**Judge:** Okay, and what would the source of that much cash have been?

**Hollerud:** In the last two years?

**Judge:** At any one time. So, have you ever had more than five hundred dollars, and I am talking about, like, twenty dollar bills not checks or anything like

that.

**Hollerud:** Yeah, I suppose from Hollerud Oil, or from when I was truck driving?

**Judge:** Okay.

**Hollerud:** Or from work?

**Judge:** Would that, would you've ever had that much cash from any source other than earnings from your employment or the income from your business?

**Hollerud:** You mean from some other source?

**Judge:** Right.

**Hollerud:** No.

**Judge:** Basically what I'm asking is did you sell anything for cash in that time.

**Hollerud:** No.

**Judge:** A big chunk of cash. Okay. During the ninety days before you filed your bankruptcy, did you pay any of your creditors a total of over six hundred dollars?

**Hollerud:** Ninety days.

**Halverson:** I don't know what you did.

**Hollerud:** I I paid you.

**Halverson:** Right.

**Judge:** Other than Mr. Halverson, I guess.

**Halverson:** You can correct me, but I think your things were wound down long before we even filed.

**Judge:** Okay.

**Hollerud:** No, I'd have to say no.

Judge: Okay. Did you use a credit card to make payments on any other credit card account debts?

Hollerud: No.

Judge: Do you expect to inherit any property in the near future?

Hollerud: No.

Judge: Have you made payments on anybody else's debts?

Hollerud: No.

Judge: Do you have any claims or law suits that you could bring or have brought against anyone?

Hollerud: I have a lawsuit going on right now for labor.

Judge: Okay, that you are suing somebody?

Hollerud: Yeah.

Judge: You did some work for them and they didn't pay you?

Hollerud: Yeah.

Judge: Who who are you suing?

Hollerud: Mike, Michael Benson.

Judge: And what work did you do?

Hollerud: You you want to know anytime after, you want to know after even after I filed, right? You're not talking about just before I filed?

Judge: I'm talking about just before you filed, although, if just because you filed the lawsuit later, I mean, the work that you did before you filed that you haven't been paid for.

Hollerud: Okay, yep.

Judge: That's what I'm curious about.

Hollerud: Yep, Mike Benson.

Judge: Okay, and and how much are you suing for?

Hollerud: Twenty seven hundred.

Judge: And is that law suit in conciliation court or something

Hollerud: It's a small claims court, and it's set up for February second.

Halverson: Okay, that claim existed before we filed, huh?

Hollerud: Yeah.

Halverson: Kay, we

Hollerud: Well, no, I didn't, I didn't actually, I didn't do it, uh, I didn't go to small claims court to file a petition until probably uh two weeks ago.

Judge: But it's for work that you did before you filed bankruptcy, though?

Hollerud: Yeah.

Judge: And what's his defense? Why does he say he shouldn't pay you?

Hollerud: Well he, he told, he personally guaranteed me that he would that he would pay my brother.

Judge: Okay.

Hollerud: That my brother had money coming, so then he ended up gypping my brother. He didn't pay him, so I'm going after Mike. Cause I feel like he basically guaranteed me that he would make sure I got paid and I did the labor and now all of a sudden he doesn't want to pay my brother so.

Judge: What was the original deal? That he was to pay your brother and your brother was to pay you for part of it.

Hollerud: Yep.

Judge: Okay. And what kind of labor was it?

Hollerud: Just manual labor, we were building a garage.

Judge: Building a garage. And when did you do the work?

Hollerud: February, March, April.

Judge: Of oh three?

Hollerud: Yep.

Judge: Of last year? And what's your brother's name?

Hollerud: Craig

Judge: Is he is he a contractor or something is is that why he was the front on it.

Hollerud: Yeah, actually, he wasn't for this job. The guy who owned the property was the contractor.

Judge: Okay. Anyway, in all events, it's set for conciliation court the second of February, right.

Hollerud: Yeah.

Judge: Where at? Over in?

Hollerud: Willmar, Minnesota.

Judge: Willmar? Alright. Other than that do you have any claims or law suits that you could bring or have brought against anyone?

Hollerud: I don't know

Judge: Do you expect to inherit any property in the near future.

Hollerud: No.

Judge: Let's talk for a moment about Hollerud Oil Company. Is that a corporation?

Hollerud: No.

Judge: Okay. Who are the owners of Hollerud Oil Company?

Hollerud: I am.

Judge: So, just you. Uh, brother have any interest?

Hollerud: No.

Judge: Uh, Sue Adams have any interest?

Hollerud: No.

Judge: Solely you. And is that business still operating?

Hollerud: No.

Judge: When did it stop?

Hollerud: October of uh 2003, er 2002.

Judge: October 2002. And at the time you filed your bankruptcy, were there any assets remaining from that?

Hollerud: Yes.

Judge: And what were those?

Hollerud: I had a couple trucks, uh, couple \_\_\_\_\_ trucks, real estate property

Judge: Okay.

Hollerud: There was a very little bit of inventory.

Judge: Well, let's start with the the trucks. Where are they now?

Hollerud: They're in Austin, Minnesota.

Judge: Okay. Are they in storage, is somebody using them, what?

Hollerud: No, nobody is using them, they're just sitting.

Judge: Mr. Halverson you gonna help me out here, what you exempted some or all

of his business property?

Halverson: Ah, we exempted the trucks that's a \_\_\_\_\_ the real estate is over-encumbered, the personal and other personalty the miscellaneous stuff is still in the business, right?

Hollerud: Yeah.

Judge: So the business is, let's see, it's at 2001-14th Street.

Hollerud: Yeah.

Judge: In Austin. And ah, somebody has a lien on that, a mortgage on it?

Hollerud: Yeah, Wells Fargo.

Judge: Wells Fargo. Have they started a foreclosure yet?

Hollerud: Yeah they have.

Judge: Have they had the sheriff's sale yet?

Hollerud: Yeah, they started on that property I think I think they did have

Halverson: They started on that property

Hollerud: I think I think they did have a sheriff's sale on it. I'd have to say yeah. I am not 100% sure, but.

Judge: Is the property secure, I mean is it locked up and winterized and all that stuff?

Hollerud: I don't know I got locked out of it from my um, from my banker back in probably January or February.

Judge: A a year ago?

Hollerud: Yeah.

Judge: Okay, so

Hollerud: It's got a gate all the way around it and they put a lock on the gate.

Judge: So, has it been sitting there empty since February of 2003? Almost a year?

Hollerud: It's been sitting there, they ah they wouldn't give me a key for it, so I I could never get in there. I know they had the lawn mowed and everything, so apparently somebody has a key.

Judge: But they're not op

Hollerud: I

Judge: Nobody's operating a business out of there, or anything like that?

Hollerud: No.

Judge: Who what's the name of the banker that's been dealing with this?

Hollerud: Well, I had a banker, Dick Burger was one of them, but then he left. I had a Lisa Olson.

Judge: Okay.

Hollerud: I believe ah they pretty much gave all that stuff up to a guy up in the cities named Gary

Judge: Tanellesure

Hollerud: Who?

Judge: Gary Tanellesure

Hollerud: That could be it, yeah.

Judge: Okay. Have you got any paperwork from the mortgage foreclosure? Did they serve you with anything? Some papers about that?

Hollerud: About what? About being locked out or about

Judge: About being locked out and about the foreclosure.

Hollerud: I didn't I didn't really want to be in there anyway. I mean, once once I left I told my banker I was leaving and I didn't have anything in there, everything I left in there I didn't need nothing and I didn't need to be on



the property, but I didn't ask to be locked out, but no they didn't send me any paperwork saying that they were going to lock me out early.

Judge: Alright, check on that. Other than

Halverson: I'll check my file if you want to see what date was the foreclosure.

Judge: I am just trying to figure out where we're at on that thing

Halverson: I cannot remember

Judge: You've got a forty thousand dollar receivable here that you've claimed part of it as an exempt? Tell me about that.

Halverson: That's the sum total of all of your old accounts receivable

Judge: Oh is that what it is?

Hollerud: Yeah, from Hollerud Oil.

Judge: What have you been doing in terms of collecting those?

Hollerud: Nothing.

Judge: So

Hollerud: It's the bank the bank has a uh

Judge: The bank has a lien on those?

Hollerud: No. well they have, what is it called, a security interest?

Halverson: Yeah, they have a lien on everything.

Judge: Okay. Have they been collecting 'em, do you know?

Hollerud: No, because I I didn't turn over my accounts receivable to 'em. They haven't they've asked me to, but I thought I had to wait for bankruptcy deal and for the Trustee.

Judge: Okay.

Halverson: They were mostly pretty stale accounts weren't they?

Hollerud: Pretty what?

Halverson: Pretty old.

Hollerud: Well yeah, they were from right up 'til 2002, I guess.

Judge: When was the last time they would have gotten a bill or an invoice or anything?

Hollerud: A year.

Judge: A year. And you've gotten crossed up with Mr. Reese on something. What is that? Somebody got a judgment against you.

Hollerud: Yeah they got a judgment just before we filed, and I think they filed the paperwork to vacate it since then.

Judge: That's what I have, is a motion to vacate. Fauser Oil Company. What were they suing you about?

Hollerud: I owe them fuel.

Judge: Okay, so are they like a wholesaler and you're a retailer, is that your supplier?

Hollerud: Yeah, they're my supplier.

Judge: Okay. All right, Mr. Newman do you have any questions?

Newman: Uh, I'd like Wally, uh Mr. Bustad to go ahead and then I'd like to follow if that's alright?

Judge: Alright, Mr. Bustad or uh Westin?

Bustad: Boostad or Bustad, either way. I'd like to ask Erik at first there I was in I lent him hundred sixty five thousand so we can partnership there silent partner I was and I'd like

Judge: Of Hollerud Oil?

Bustad: Of Hollerud Oil and uh then he entered in contract with Brad Newman, here, on Route 56 and his dad made the contract up for both of us and said in the first contract you do not make another one without informing me. He made one with Brad and then I found out about and then he couldn't borrow his money so he moved out of his station and was void then so I'd like to know about that. And then after I found that out he just owed me like a hundred and what was it a hundred and twenty five thousand or something like that make payments how he got out of that got out of that contract. And uh then I was gonna ask about that motorcycle that's already been explained his girlfriend there he give that to her. Yeah, and I understand a year ago he had a chance to sell this business \_\_\_\_\_ Co-op 56 and he didn't didn't do it. and then uh this is what the boss come around and then he give all the accounts and phone number to the co-op of his business as I understand it with no charge and the guy come around to check on all the business afterwards and said that he couldn't believe it why would a person going broke give all this business away without trying to receive some money and they offered to try and buy it the year before. So that's what I wanted to ask there.

Judge: Alright, let me stop you there so that we can kinda turn these into questions. So. Mr. Hollerud what did you give to this Co-op 56 in terms of accounts?

Hollerud: Um, I gave them a I gave them a name list of my accounts my drivers who worked for me already knew all of the accounts but I had I only had 12 days from when my my supplier called me up and told me that had to receive that I had to obtain a letter of credit from the bank to guarantee however much money I wanted to pull so if I wanted to pull \$150,000.00 in a 12 day period worth of fuel I had to have a letter of credit for that.

Judge: Okay.

Hollerud: So I and they told me that they would give me 12 days to obtain it and after that they were going to cut me off unless I had one so in 12 days there is really not enough time to sell a business the co-op was not interested in buying the business. They were about a you know a couple I think it was in 2000 or 2001 they were interested but then they didn't want to pay enough to get me out of it so it wasn't feasible to sell it anyway back to the letter of credit deal you know and you only have twelve days and we were going into fall farmers needed fuel you know I guess I guess I could have just closed the doors not worried about anything and where Scottie went to work or whatever my driver but he did go to Co-op and get a job and I gave

him my name list of the accounts that we had I couldn't sell it the Co-op wasn't going to buy it they weren't going to pay me any money for it and they didn't.

Judge: Are there any other competitors in town that would have bid on it or wanted that list?

Hollerud: Not in town there.

Judge: Is there any other viable buyers for it are there potential buyers for it is what I'm asking?

Hollerud: Not in 12 days. You can't close in 12 days and if I cannot sell fuel in 12 days the farmers are gonna go somewhere anyway.

Halverson(?): I think he's talking about just your list of customers. If that has any value in its own right?

Hollerud: I never tried to sell it to anybody. I never tried to sell the uh list to anybody.

Halverson(?): But he's asking if you think it did have a value and if you know

Hollerud: No I do not think It had a value personally I do not think it did because of the fact that when you go out of business these guys are gonna go somewhere anyway. All these accounts

Judge: Did you have a non-competition agreement with Scotty or any kind of confidentiality agreement with him that would have prevented him from going someplace else and telling them alright here's the

Hollerud: No.

Judge: Okay. All right, let's uh so I think I understand that, um and when Co-op 56 was looking at buying your operation if I understand you right they just weren't willing to pay you enough to pay off your debts so that you could pay the bank and be out of it.

Hollerud: That's right. You're talking about the co-op?

Judge: Right. Were there any other potential buyers did you get any other deals on it.

Hollerud: No.

Judge: Let's go back to Mr. Newman's station was it.

Bustad: Yes, what I wanted to ask Mr. Erik is his dad made my original contract out and

Judge: Okay let me stop you there. So, the original contract was what? Some sort of a loan?

Bustad: No Yeah I bought into it I supposed to have half in it and I give like a hundred sixty five thousand.

Judge: When was that?

Bustad: Mm

Judge: About. I do not need the exact, what year? Do you know when this was?

Hollerud(?): Ninety nine, October '99.

Judge: October '99 So, you gave him a hundred sixty thousand

Bustad: Hundred sixty five thousand

Judge: Hundred sixty five thousand. And for that what were you supposed to get? Half?

Bustad: Half and I had it all listed out, the trucks and everything, and he had like \$90,000.00 accounts receivable at that time I think.

Judge: And did that ever happen?

Bustad: Well until uh what was it 2002 he his dad is in real estate he made the contract out and he sold some land in Albert Lea for me and he knew I had the money and musta talked to Erik and he made the contract out there and then after that he made one with Brad Newman which it says in my contract you do not make another contract unless you talk to me.

Judge: All right hold on now. So he brought in another partner, is that what you are trying to say?

Bustad: No he was trying to buy a station. Erik Mr. Erik Hollerud was trying to buy a station in Little Scriptom(?)

Judge: Okay, and you're saying in your contract it prevented that.

Bustad: Yeah.

Judge: Okay. And did you do it anyway.

Hollerud: No.

Indistinct/Many voices.

Judge: Okay well let me ask you that, Mr. Newman, what went on?

Newman: Well, um, am I questioning him or am I um

Judge: Well tell me, why don't you tell me as long as you happen to be sitting here.

Newman: Well alright, Wally was part owner of Hollerud Oil, a silent partner, and which nobody really knew that Wally was involved. However, Art Hollerud wrote up, which is Erik Hollerud's father, is a realtor, wrote up our contracts with Wally when Wally invested in the business.

Judge: Okay, gotha.

Newman: Alright in this business in this contract, it was said that Erik can do complete business as normal unless it pertains to something other than buying fuel, repair of trucks, etc. Well then he voided his contract by coming to me and then Art Hollerud himself wrote another agreement with me for Erik and I for Erik to buy Route 56 gas station in which Erik did not contact Mr. Bustad. Alright. So then Mr. Bustad found out that this deal was going on and however, I didn't know that Mr. Bustad was part of this at this point in time. So Mr. Bustad went to the bank and stopped this purchase from happening.

Judge: How did you do that?

Bustad: Well then they couldn't borrow the money to buy the station from Brad.

Judge: And you did the bank want your guarantee or something or just?

Bustad: No.

Judge: You went in and said I'm half owner and I do not agree what's going on?

Bustad: Yeah.

Judge: Okay, I'm sorry to interrupt you guy.

Newman: Alright, so then we were in the midst of him purchasing my my service station in which when he decided to purchase it he wanted me out as soon as possible so I moved my whole business out of there out of the service station took it out to my residence and proceeded to build a shop. Alright, so that I could still repair cars he was going to make a convenience store. There was no conflict of interest there.

Judge: Okay.

Newman: Two months into it then he could not get the financing. He started to remodel the service station and which he did not complete it. A lot of bills was not paid. I was left with the inventory that was there to continue the operation.

Judge: The inventory that was there. So he backed out of the

Newman: Out of the deal.

Judge: Out of the deal. And whatever was left you came back in possession. And you got that now?

Newman: The gas station? No. I lost a lot of money and it was finally sold and my shop is at my residence, still not complete after all this time. Um, now I do not know what, oh, but Art Hollerud and Erik Hollerud both went to my bank to my banker to try to get a loan to purchase the gas station at one point also. However, what I am stating is that Erik was not able to buy Route 56 without Mr. Bustad's consent, which that would be fraud, and because you are supposed to contact your business partner. We went to court and I won a judgment against him for \$101,500.00 in Mower county and fraud was shown throughout.

Judge: How much was the judgment? \$101,000.00?

Newman: five hundred.

Judge: Okay. And that judgment was based on fraud?

Newman: Based on Yes sorry, because everything that I had invested everything I owned was invested in that gas station.

Judge: Let me ask you this do you have any questions for Mr. Hollerud now?

Newman: I guess um yes I do. Is it true that Art Hollerud is your father?

Hollerud: Yeah.

Newman: Is it true that Art Hollerud wrote the agreement to purchase Route 56 service station?

Hollerud: To purchase it?

Newman: Yes, or lease, lease to purchase it?

Hollerud: Yes. To lease.

Newman: Is it true that Art Hollerud was partial owner of Hollerud Oil at one point?

Hollerud: Yeah.

Newman: Is it true that Art Hollerud wrote the agreement for Mr. Bustad to purchase Art Hollerud's interest in Hollerud Oil?

Hollerud: Yeah

Newman: Why would you attempt to purchase Route 56 knowing the contract that you signed with Mr. Bustad knowing that you could not do so?

Hollerud: I tried to get pre-approved for credit to purchase your place, so I entered into a two month lease with you Brad, and it was to obtain to get pre-approved for credit. I didn't even know if I could do it. The only reason that I went in to try to buy Route 56 is because you owed me \$21,000.00 in fuel and that you could not pay. That is why I went to try to buy Route 56. I went to try to get credit so that I could take that \$21,000.00 off of what you owed me for fuel.

Judge: Alright gentlemen, I got to stop you here. Um it sounds to me, Mr. Newman, Mr. Bustad, that what you need to do is consider hiring an



attorney to, I'm not the bankruptcy judge, so I am not going to make any decision about whether your debt is wiped out or not by this bankruptcy. It sounds to me like you've at least got a collarable case particularly with your judgment to go to the bankruptcy judge and say that Mr. Hollerud shouldn't get out of this debt, because it was incurred through fraud. That's a very tricky procedure and you've got a very short time line now, that starts running from today, sixty days from today. To file that kind of a claim in in with the clerk of court in it's like a little mini law suit. But this proceeding today is really for investigation for me to find facts, and I appreciate your testimony because I found out your deal here, but I am gonna have to wrap it up and if you need to take more testimony there is a procedure in that section of law \_\_\_\_\_ 2004 exam where you can do that.

Newman: I have one more question. One more.

Judge: Absolutely.

Newman: Is it true that it was proven in court that Art Hollerud and yourself, Erik Hollerud, brought it in Route 56 and Mr. Bustad for financial gain to Art Hollerud and Erik Hollerud.

Hollerud: Is it proven?

Newman: Yes.

Judge: You know what it doesn't matter because the court has findings and its already decided one way or the other.

Newman: I wanted to know if Mr. Hollerud goes along with that or not.

Bustad: Can I ask one question first. I would like to ask him from what I understand it he sold one gas vehicle this gas truck to this Co-op 56 is it true that you had a loan at the bank at the time on that and they didn't take the title?

Hollerud: For what?

Bustad: For the truck you sold at the Co-op at 56.

Hollerud: No I didn't have a loan on it. I had a loan on it at one time, but it had been paid for quite a while.

Bustad: I thought they had it on their statement but they didn't have the title?

Judge: When did the sale take place?

Hollerud: February of 2002 I believe. Might have been January.

Judge: And how much did you get for the truck?

Hollerud: Fourteen thousand.

Judge: And what do you think the truck was worth at that time.

Hollerud: About that.

Judge: Alright. Gentlemen, I appreciate your time and your information. Mr. Hollerud do you have any property of any sort that we haven't discussed here today or you haven't listed on your bankruptcy schedule.

Hollerud: The house is on the schedule? No I don't.

Judge: Okay. Do you know where the Harley is today?

Hollerud: Yeah, it's in storage.

Judge: Where?

Hollerud: Geneva, Minnesota.

Judge: Is that somewhere near where is Geneva?

Halverson: It's a little column down by New Richland, kinda.

Female: Do you know where that's at?

Judge: Is it within 100 miles of Austin?

Hollerud: Yeah, 25-30 miles.

Judge: Alright, sounds good.

Halverson: Not to be confused with Lake Geneva.

Judge:

Halverson:

Judge: Is the storage paid on it? Why is it stored there? Is it just a storage locker?  
What is it?

Hollerud: It's where I put it.

Judge: And its operable?

Hollerud: Yeah.

Judge: Is it insured?

Hollerud: I don't know.

Judge: Why don't you find that out and let me know, kay, and I mean the reality is that that's a likely a planned on fraudulent transfer and I am gonna ask your girlfriend for the motorcycle back, so do not let her do anything with it, okay, that's gonna cause more trouble for her than it's worth.

Hollerud: Yep.

Judge: Thank you very much.

STATE OF MINNESOTA  
COUNTY OF MOWER

~~ORIGINAL~~ **COPY**

DISTRICT COURT  
THIRD JUDICIAL DISTRICT

NOTICE OF ENTRY AND STATEMENT OF JUDGMENT

Case No. 50-C5-02-001986

WALLACE BUSTAD  
VS. ERIK M. HOLLERUD

CREDITOR

WALLACE BUSTAD  
%SCOTT RICHARDSON  
RICHARDSON LAW OFFICE  
132 3RD AVENUE N.W.  
AUSTIN, MN 55912-0554

DEBTOR

ERIK M. HOLLERUD  
706 6TH STREET NW  
AUSTIN, MN 55912

The Summons and Complaint in this action, having been duly served on the Defendants ERIK M. HOLLERUD

and more than twenty days have elapsed and no copy of an answer or appearance to the complaint has been served upon Plaintiff's Attorney, as required by the Summons.

Now, on motion of SCOTT RICHARDSON

IT IS HEREBY ADJUDGED that the Plaintiffs recover of the Defendants ERIK M. HOLLERUD

the amount of \$ 123,794.25, said amount to include prejudgment interest and costs and disbursements.

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NOTICE OF ENTRY OF JUDGMENT

You are hereby notified, that a Judgment in the above entitled cause was entered on December 27, 2002 in the office of the Court Administrator of the above court and was docketed on December 27, 2002 at 04:20 p.m.

Dated: December 27, 2002

Patricia A. Ball  
Court Administrator

By Hindy L. Bush  
Deputy

Sue Adams  
306 12<sup>th</sup> Place NW  
Austin MN 55912

(507) 433-1004  
Cell: (507) 279-0960

April 12, 2004

Mr. Michael S. Dietz  
Dunlap & Seeger, P.A.  
206 South Broadway, Suite 505  
Post Office Box 549  
Rochester, MN 55903-0549

Dear Mr. Dietz:

I am writing to you in response of the "Complaint to Avoid Fraudulent Transfers" I received from your office dated April 9, 2004, regarding the Bankruptcy Estate of Erik Michael Hollerud.

This complaint states that Erik Hollerud gave to me a Harley Davidson Sportster motorcycle and that you believe the gifting of that motorcycle to be fraudulent pursuant to 11 U.S.C. 548, also that you may avoid any transfer of an interest of the debtor in property, or any obligation incurred by the debtor that was made or incurred within one year before the date of the filing of the petition if the debtor voluntarily or involuntarily received less than a reasonably equivalent value in exchange for such transfer or obligation and was insolvent on the date that such transfer was made.

The motorcycle was given to me as a birthday gift, (see copy of birthday card attached), and the title transferred into my name prior to May 17<sup>th</sup>, 2002. Therefore, I have been advised by my attorney that a birthday gift to a girlfriend of 3 years is not a "Fraudulent Transfer" and your "Complaint to Avoid Fraudulent Transfers" does not pertain.

If you should have any further questions or concerns, please contact me at the above referenced phone numbers.

Sincerely,



Sue Adams

Just think baby, today the  
day I would have had you in the  
backyard, in front of your garage  
door, and given you the ring box with  
the key inside of it, the key to  
your brand new Harley Davidson. "I couldn't

Imagine the look on your face if  
I would have waited. I would  
have been awesome. "But then  
you wouldn't have had 100 some  
miles on it, and the fun rides so  
far we've had! So, it's sort of a  
fuss up, anyway that was your B-  
day present and if I had to do it  
all over again I'd do it, in a heart  
beat! I love to see how happy that  
A.D. has made you when you ride it!

I LOVE YOU

Baby!!

Always.  
Jane Zerk

UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF MINNESOTA

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In re:

ERIK MICHAEL HOLLERUD,

Debtor

Bankruptcy No. 03-38294  
Chapter 7

Adversary No. 04-3116

---

Michael S. Dietz, Trustee for the  
Bankruptcy Estate of ERIK MICHAEL  
HOLLERUD

Plaintiff,

vs.

SUE ADAMS,

Defendant.

---

**UNSWORN CERTIFICATE OF SERVICE**

I, Julie C. Johnson, declare under penalty of perjury that on August 12, 2004, I served by U.S. Mail, postage pre-paid, copies of the following by:

Trustee's Notice of Motion and Motion for Summary Judgment, Memorandum of Law in Support of Trustee's Motion; and Affidavit of Michael S. Dietz

to each entity named below at the address stated below:

WILLIAM BODENSTEINER  
ATTORNEY AT LAW  
309 S MAIN STREET  
AUSTIN MN 55912

Executed on August 12, 2004

Signed: 

Julie C. Johnson  
DUNLAP & SEEGER, P.A.  
P O BOX 549  
ROCHESTER MN 55903-0549  
(507) 288-9111